

DEPARTMENT OF COMMERCE DEMONSTRATION PROJECT OPERATING PROCEDURES MANUAL

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**DEPARTMENT OF COMMERCE DEMONSTRATION PROJECT
OPERATING PROCEDURES**

This manual sets forth operating procedures that govern the Department of Commerce (DoC) Personnel Management Demonstration Project. The Demonstration Project is authorized by 5 U.S.C. 4703. It was designed by the Department of Commerce with the participation and review of the Office of Personnel Management (OPM). The Departmental Personnel Management Board (DPMB) manages the Project at the Department level, and each operating unit manages its own internal operations through an Operating Personnel Management Board (OPMB) in accordance with charters and delegations of authority approved by the DPMB.

The procedures outlined in this manual are based on the policies contained in the Federal Register Notice of December 24, 1997, and subsequent changes approved by OPM and published in the Federal Register. These procedures apply to all operating units participating in the Project. The procedures are binding; major changes to or deviations from the procedures must be approved by the DPMB Chair, based upon recommendations from OPMB Chairs. When required, changes shall be submitted to OPM for approval through the DoC Director for Human Resources Management.

Debra M. Tomchek
Director for Human Resources Management

Rosemary Marcuss
Chair, Departmental Personnel Management Board

OPERATING PROCEDURES CHANGES

Changes to Demonstration Project Operating Procedures Manual on June 15, 2005

Language incorporated to clarify relocation bonus authority.

Section Added: II B.12 Relocation Bonus

Changes to Demonstration Project Operating Procedures Manual Effective March 2005

Language added to Performance Appraisal Section II E.12.

Operating units have the option of freezing pay actions of a minimum required period of time to allow for pay for performance pay increases and bonuses to be processed without any interference of intervening actions.

Changes to Demonstration Project Operating Procedures Manual Effective July 2004

1. Section II A.6. Revising The System, para b.(3)

(3) When the user and the HR Advisor agree on the need for an occupational series not in the database, the servicing HR office will write a description for the series and forward it to the DoC Demonstration Project Manager, or designee, for review and entry into the database.

2. Replace Section II A.6. Revising The System, para d. (2) with the following:

(2) The DoC Demonstration Project Manager or designee approves new specialty descriptor additions to the database.

3. Replace Section II A.3.F. Career Path Determinations, para 3 (d) with the following:

(d) Support (ZS): one –grade interval positions that provide administrative support through the application of typing, clerical, secretarial assistant, and similar knowledge and skills; positions that provide specialized support, such as guards and firefighters, and student trainee positions in these disciplines.

4. Replace Section II A. 3. Making Classification Decisions, para P (5) with the following:

Users may prepare and recommend new specialty descriptors to their servicing HR office as needed. The servicing HR manager or designated staff may approve additional specialty descriptors that must then be forwarded to the DoC Demonstration Project Manager for review and entry into the database. A specialty descriptor should be written in two sentences, the first sentence to reflect the *Duties and Responsibilities* factor and the second sentence to reflect the *Knowledge, Skills and Abilities* factor.

5. Replace Section II F.2 with the following:

Special Act Awards, Suggestion Awards, Cash-in-the-Flash, Time-Off, Department of Commerce Medal Awards and other awards may also be granted to demonstration project employees. Special Act Awards should be given for accomplishments beyond and outside of the employee's performance plan and funded from sources outside of the bonus pool.

6. Section II E. Performance Appraisal (2) o

o. Peer Group – language is replaced with the following:

A group of rated employees in the same career path in an operating unit pay pool. If a career path in an organization contains only one employee, this employee will constitute his/her own pay pool. If insufficient funds exist in the pay pool, funds may be transferred from other pay pools according to existing procedures.

**Changes to Demonstration Project Operating Procedures Manual
Effective September 2003**

Language Addition: Section D. Pay Setting, 3.b. Pay Adjustments

(7) Upon conversion from a General Schedule (GS) position to the Demonstration Project as a result of inclusion of an employee's organizational unit in the Demonstration Project, employees in career ladder positions may receive a within-band pay adjustment after completing a total of 52 weeks of servicing consisting of a combination of both time at their current GS grade level and time in the pay band level to which they were converted. The pay adjustment, if granted, must total the dollar amount of pay increase the employee would have received under the GS system.

**Changes to Demonstration Project Operating Procedures Manual
Effective August 2003**

1. Language Addition For Reduction-In-Force (RIF) Subchapter II.C. "Link between Performance and Retention.

(2) An employee rated *eligible* with an overall performance score that does not fall within the top

30 percent of scores within a pay pool will be credited with 5 additional years of service for retention credit. The total credit will be based on the employee's three more recent annual performance scores received during the 4-year period prior to the date of issuance of the RIF notice accumulating a potential maximum total credit of 15 years for an employee.

(4) Employees who convert to this system from any other performance appraisal system within the Federal government will receive 5 additional years of service for retention credit for each performance rating of record equivalent to an eligible rating in the demonstration project.

Changes to Demonstration Project Operating Procedures Manual Effective February 2003

1. Language Addition For Staffing Subchapter II.B.6.b. Background

(3) An employee may be noncompetitively converted (i.e. reassigned) to a position within the Demonstration Project that has greater pay potential if the conversion is based upon a written management directive (e.g. an officially approved reorganization, directed reassignment, etc.).

2. Language Addition For Pay Administration Subchapter II.D.3. Pay Setting

h. Conversion into the Demonstration Project.

An employee who is noncompetitively converted (i.e. reassigned) to a position within the Demonstration Project based upon a written management directive will be given a one-time lump sum payment for time credited towards the next within grade increase (i.e. WIGI).

Changes to Demonstration Project Operating Procedures Manual Effective July 2002

1. Language Addition For Performance Appraisal Subchapter II.E.4.c. (15) Performance Management Process - Appraisal

An employee who received RIF service credit as a result of an increase in score due to a reconsideration or grievance will not affect any other employee's previous eligibility for RIF service credit in the same pay pool for that performance cycle.

2. Language Addition For Performance Appraisal Subchapter II.E.4.c. (15) Performance Management Process - Appraisal

A change in an employee's score as a result of a request for reconsideration or formal grievance may also result in an increase in the employee's original performance pay increase. Such a change in an employee's score (and possible pay increase) will not affect other pay increases given.

3. Language Addition For Performance Appraisal Subchapter II E.4.c.(3) Performance Management Process - Appraisal

Rating officials who leave their positions within the last 120 days of the rating cycle are responsible for completing closeout ratings for their employees. These ratings will be considered when determining performance appraisal recommendations to the pay pool manager.

4. Language Addition For Performance Appraisal Subchapter II E.3.c.(6) Roles and Responsibilities

Add to last sentence: Including any required closeout ratings.

5. Language Addition For Staffing Subchapter II.B.6.b(2) Merit Assignment Program - Background

This restriction does not apply to the reassignment from a nonsupervisory position to a supervisory position that involves no higher pay potential other than supervisory pay.

I. INTRODUCTION

A. RESPONSIBILITIES

1. AUTHORITY

Title VI of the Civil Service Reform Act, now codified in 5 U.S.C. Chapter 47, authorizes the Office of Personnel Management (OPM) to conduct demonstration projects that experiment with new and different human resources management concepts to determine if they result in improved Federal human resources management.

2. DESIGN

The project was designed by the Department of Commerce (DoC) with participation and review by OPM. The Demonstration Project will pursue several key objectives of the National Performance Review: to simplify the current classification system for greater flexibility in classifying work and paying employees; to establish a performance management and rewards system for improving individual and organizational performance; and to improve recruiting and examining to attract highly qualified candidates and get new hires aboard faster.

The project is designed to replicate many of the features of the National Institute of Standards and Technology (NIST) Demonstration Project created by Congress pursuant to the National Bureau of Standards Authorization Act for Fiscal Year 1987 (Pub. L. 99-574).

3. EXECUTION

a. Management

The DoC Departmental Personnel Management Board (DPMB) will manage the project at the Department level. Each operating unit will have its own Operating Personnel Management Board (OPMB) to oversee internal operations. Through the first cycle, the Director of NIST served as Chair of the DPMB. After the first cycle, chairmanship of the Board was assumed by one of the members of the Board. Voting members of the DPMB are senior management officials from the participating operating units. The Director of the Department's Office of Human Resources Management serves as Executive Secretary. Each OPMB is chaired by the senior manager designated to serve on the DPMB.

b. Timing

The duration of the project will be 5 years, except that the project may be extended by OPM if further testing and evaluation are warranted.

4. DELEGATION OF PERSONNEL MANAGEMENT AUTHORITY

The DPMB will delegate a number of human resources management authorities to the OPMBs. The OPMBs will, in turn, delegate authorities to managers within their operating units and will withdraw authority when warranted.

5. EVALUATION

The Department will arrange for annual evaluations of the project under an OPM-approved evaluation plan. The evaluations will be designed to determine whether the interventions of the project are achieving the goals and objectives of the project within acceptable cost limits.

B. CONCEPTS AND OBJECTIVES

1. CONCEPTUAL FRAMEWORK

The DoC Demonstration Project is built upon the concepts of:

- a. Market sensitivity, by linking entry salary to market forces by occupation, and selectively granting recruitment and retention payments;
- b. Pay for performance, by linking pay to performance for all covered positions;
- c. Administrative simplicity, by simplifying paperwork and processing in classification and other human resources systems;
- d. Management flexibility and accountability, through the delegation of position classification and other authorities to line managers.

2. PERSONNEL MANAGEMENT OBJECTIVES

The project systems are designed to:

- a. improve hiring and allow participating organizations to compete more effectively for high-quality employees, through direct examination, selective use of higher entry salaries, and selective use of recruitment payments;
- b. motivate and retain staff, through higher pay potential, pay-for-performance, more responsive human resources systems, and selective use of retention payments;
- c. strengthen the manager's role in personnel management, through delegation of human resources authorities; and

d. increase the efficiency of human resources systems, through installation of a simpler and more flexible classification system based on pay banding; through reduction of guidelines, steps, and paperwork in classification, hiring, and other human resources systems; and through automation.

C. COVERAGE

1. PARTICIPATING ORGANIZATIONS

This project will cover portions of DoC organizations:

- a. Technology Administration
 - Office of the Under Secretary
 - Office of Technology Policy
- b. Economics and Statistics Administration
 - Bureau of Economic Analysis
- c. National Telecommunications and Information Administration
 - Institute for Telecommunication Sciences
- d. National Oceanic and Atmospheric Administration
 - Units of the Office of Oceanic and Atmospheric Research
 - Units of the National Environmental Satellite, Data, and Information Service
 - Units of the National Marine Fisheries Service
- e. Program Planning and Integration Office, Silver Spring, MD
- f. Office of the Secretary
 - Units of the Chief Financial Officer and Assistant Secretary for Administration

2. PARTICIPATING EMPLOYEES

- a. The project covers all positions that would otherwise be in the General Schedule system (GS & GM).
- b. The following positions are excluded:
 - (1) Senior Executive Service
 - (2) Wage Grade

- (3) ST-3104, except that these positions are in the same performance appraisal, awards, and reduction-in-force systems as GS positions covered by the project.

3. CONTINUING EFFECTS OF LAWS AND REGULATIONS

The PMRS and GS categories no longer exist as identified categories under the project. Both were incorporated into the new career path/pay band system. The step increases of the General Schedule were replaced by the annual performance pay increases described under "Pay Administration." Laws and regulations pertaining to the General Schedule that were not waived for this project, however, such as those pertaining to overtime pay, continue in force for all covered positions to which they now apply.

4. UNION REPRESENTATION

All unions represented in the project are local unions of the American Federation of Government Employees and the National Federation of Federal Employees. All of the union representation is within NOAA.

II. HUMAN RESOURCES SYSTEMS

A. POSITION CLASSIFICATION

1. INTRODUCTION

a. Coverage

The project classification system covers all DoC positions under the Demonstration Project, except ST-3104 positions, which continue to be classified under the traditional system.

b. Policy, Management, and Classification Authority

- (1) The Departmental Personnel Management Board (DPMB) exercises overall authority, as set out in the project plan and in the DPMB Charter, for setting policy, managing the project, delegating authority, monitoring and adjusting classification practices, and reviewing and deciding broad classification issues.

- (2) The DPMB will delegate classification authority to OPMBs, which will delegate authority within their operating units (OUs).

- (3) Individuals delegated classification authority are accountable for:

- (a) complying with DoC and DPMB classification policies and guidelines.

(b) classifying positions in accordance with substantial differences in their duties and responsibilities and in the knowledge, skills, and abilities required, as established in the DoC Demonstration Project classification standards.

(4) Supervisors are responsible for maintaining up-to-date position descriptions and classifications based on current duties and responsibilities.

(5) Classification Review Panels are established by authority of the OPMBs as ad hoc advisory panels which review unvalidated classification actions referred to them by servicing Human Resources (HR) Managers.

c. Objectives

The objectives of the classification system are to:

(1) provide an accurate, efficient, and understandable process for categorizing or classifying positions by career path, occupational series, and pay band.

(2) provide an orderly grouping of positions in support of DoC organizational planning and in support of human resources management, including recruiting, examining, placement, compensation, promotion, reassignment, training, and reduction-in-force.

(3) increase management flexibility, authority, and accountability in human resources management.

d. Distinction Between Classification and Pay

(1) The classification system is not intended to solve pay problems affecting recruitment and retention. These problems are addressed by the new pay administration system.

(2) The classification of a position must be based on DoC Demonstration Project classification standards, which are incorporated into the Automated Classification System (ACS).

2. CLASSIFICATION SYSTEM

Supervisors will use the Automated Classification System (ACS) to classify positions while creating position descriptions.

a. User System

- (1) Supervisors are the authorized users of the ACS. User Guides for Rating Officials and Pay Pool Managers are provided in Appendix A.
- (2) Supervisors classify positions as they create position descriptions through the menu-driven User System and get approval for the classifications in accordance with OPMB delegations of authority. The position description created through the User System contains the classification of the position.
- (3) In addition to creating new position descriptions (PD's), the User System stores PD's in a local user database and allows the user to create a new PD based on one in the database; to revise, review, print, or delete PD's; to copy PD's to or from a floppy disk; or to review and report on the PD's in the database in their entirety or by one or a combination of career path, series, band, organization, action number, incumbent name, or specialty.
- (4) The User System prompts for classification and position description data in the following sequence of screens:
 - Principal Objective
 - Career Path Series Pay Band
 - Career Path (Descriptor Review Screen)
 - Series (Series Definitions Review Screen)
 - Pay Band (Standards Review Screen)
 - Official Position Title (multiple-title series only)
 - Function (ZP Career Path only)
 - Specialties
 - Position-Specific Key Phrases
 - Supervision Exercised
 - Employee Name
 - Motor Vehicle Operation (Y/N)
 - Financial Disclosure (Y/N)
 - Physical Requirements (Y/N)

- Position Sensitivity

b. Position Descriptions

(1) Users classify positions and create position descriptions through the menu-driven User System.

(2) The term position retains the OPM meaning of the work performed by a single employee.

(3) The User System produces a two-page position description (PD) based on the user's responses to screen prompts.

(4) Validation of classified position descriptions will be accomplished manually by the servicing HR office. Validation is accomplished by reviewing the position description to ensure that the content (i.e., principal objective, specialty descriptors, and key phrases) is consistent with the classification and by signing and dating item #30 on the reverse side of the CD-516. This process also requires that the HR Advisor certify that all parts of the classification action have been completed; that the action is signed by an authorized official; and that the action is ready for entry into the National Finance Center Personnel and Payroll System.

(5) The HR Advisor adds the following two numbers, which together constitute the official position number:

MR# (Master Record Number)

IP# (Individual Position Number)

(6) The servicing HR office will manage the central storage of hard copies of validated position descriptions.

3. MAKING CLASSIFICATION DECISIONS

a. Purpose of Classification

(1) Classification categorizes or classifies a position by career path, occupational series, and pay band.

(2) Classification also provide an orderly grouping of positions in support of DoC organizational planning and in support of personnel management, including recruiting, examining, placement, compensation, promotion, reassignment, training, and reduction-in-force.

b. Classification Principles

The DoC Demonstration Project classification system was designed in accordance with the following principles:

- (1) Positions must be classified by career path, series, and pay band for merit treatment and organizational efficiency.
- (2) The classification system must support the mission of the organization.
- (3) Position classification must be carried out in a way that is rational, understandable, and acceptable to managers, employees, and the public.
- (4) The whole job or narrative approach to classification is the most rational and productive way of viewing jobs for human resources administration and management.
- (5) The criteria of (1) Duties and Responsibilities and (2) Knowledge, Skills, and Abilities (KSA) are the most broadly accepted classification criteria.
- (6) Performance is a broadly accepted compensation criterion and must be supported by the classification system.

c. Authority and Accountability

Individuals exercising delegated classification authority are accountable for:

- (1) complying with DPMB and OPMB classification policies and guidelines.
- (2) classifying position in accordance with substantial differences in their duties and responsibilities and in the KSAs required, as established in the DoC Demonstration Project classification standards.
- (3) maintaining up-to-date position descriptions and classifications based on current duties and responsibilities.

d. Supervisory Responsibility

- (1) Supervisors are the intended users of the system. Whether or not they are delegated classification authority, supervisors are responsible for maintaining up-to-date position descriptions and classifications based on current duties and responsibilities.
- (2) Supervisors create position descriptions through the menu-driven User System.

(3) Supervisors classify positions as they create position descriptions through the menu-driven User System and get approval for them in accordance with OPMB delegations of authority. The position description created through the User System contains the classification of the position.

(4) The supervisor who creates the PD must sign the Position Description (PD) Cover Sheet (CD-516) in the block labeled SUPERVISOR'S CERTIFICATION. This signature certifies that the PD is an accurate statement of the major duties and responsibilities of the position and its organizational relationships and that the position is necessary to carry out Government functions.

(5) The supervisor who is delegated classification authority, often a higher-level manager than the supervisor who created the PD, must sign the PD Cover Sheet (CD-516) in the block labeled CLASSIFICATION CERTIFICATION. This signature certifies that the position has been classified consistently with the most applicable published standards.

e. Classification Logic

(1) Classification logic begins with the principal objective. The purpose of the principal objective statement is to establish the essential and specific nature of the position. It also serves as an anchor to prepare the user for selections from the generic classification criteria. The principal objective, along with the broader nature of the position that the user considers in formulating the principal objective, is the foundation for classifying the position by career path, series, title, and pay band.

(2) The classification logic should flow from the principal objective into the definitions and narrative standards for career paths, series, title, and pay bands. The nature of work implied by the principal objective should lead the user to the appropriate occupational series definition. The major responsibility expressed by the principal objective and the paramount qualification requirement inherent in that responsibility should lead the user to the commensurate pay band criteria expressed in the two classification factors of *Duties and Responsibilities* and *Knowledge, Skills, and Abilities*.

f. Career Path Determination

(1) The principal objective of the position should suggest the appropriate career path. Note that the four career path definitions below are based on the criteria of whether the position is technical or administrative and, within each of these, whether the position is one-grade interval or two-grade interval. Thus, two-grade interval professional technical work is Scientific and Engineering (ZP); one-grade interval technical is Scientific and Engineering Technician (ZT); two-grade interval administrative is Administrative (ZA); and one-grade interval

administrative is Support (ZS).

(2) Career Paths have the following advantages:

- (a) Similar treatment for similar occupations
- (b) Staffing, classification, and pay by career category
- (c) Broader and simpler classification standards
- (d) Fewer resources required for development and application
- (e) Focus on lines of work important to the agency

(3) The full definitions of the four career paths are:

- (a) Scientific and Engineering (ZP): two grade interval professional technical positions in the physical, engineering, biological, mathematical, computer, and social sciences; and student trainee positions in these disciplines.
- (b) Scientific and Engineering Technician (ZT): one-grade interval nonprofessional technical positions that support scientific and engineering activities through the application of various skills and techniques in the electrical, mechanical, physical science, biological, mathematics, and computer fields; and student trainee positions in these disciplines.
- (c) Administrative (ZA): two-grade interval specialist positions in such administrative and managerial fields as finance, procurement, personnel, librarianship, public information, and management and program analysis; and student trainee positions in these disciplines.
- (d) Support (ZS): one-grade interval positions that provide administrative support through the application of typing, clerical, secretarial, assistant, and similar knowledge and skills; positions that provide specialized support, such as guards and firefighters, and student trainee positions in these disciplines.

g. Occupational Series Determination

(1) Each occupational series is assigned a numerical code, such as 830-Mechanical Engineer. The series are arranged in occupational groups, such as the 800-Engineering and Architecture Group and the 500-Accounting and Budget Group. The series code indicates the group to which it belongs. For example, 1310-Physicist and 1320-Chemist are both in the 1300-Physical Sciences Group.

(2) The OPM series definitions were adopted for the Demonstration Project system, with some modifications for brevity and clarity and to emphasize the two-factor classification criteria of (1) Duties and Responsibilities and (2) Knowledge, Skills, and Abilities.

h. Mixed-Series Positions

(1) When two or more series appear appropriate for a position, the user would usually select the series with the highest pay band classification. Occasionally, however, this is not the best series for the position. Other clues to proper series selection for these mixed-series positions are principal objective, qualification requirements, sources of recruitment, and lines of promotion.

(2) The HR Advisor should be consulted on difficult mixed-series issues.

i. Interdisciplinary Positions

(1) Some vacant mixed-series positions may be treated as interdisciplinary, allowing the vacancy to be advertised in each of two or more appropriate series, with the final classification established in accordance with the qualifications of the individual selected.

(2) This is both a classification and a staffing issue. The HR Advisor should be consulted.

j. Pay Band Determination

(1) Pay bands replace the grades of the former General Schedule system. Each career path has five bands, each incorporating one or more of the GS grades. The table below identifies career paths, pay bands and corresponding GS grades.

(1) The experienced user may know the appropriate pay band for a typical position and may enter the designator directly when prompted. When uncertain about the proper pay band for a position, the user may call up a help screen that displays the narrative pay band standards for comparison and selection.

CAREER PATHS AND PAY BANDS

Career Path	Pay Bands						
Scientific & Engineering	ZP	I	II	III	IV	V	
Corresponding	GS	1-6	7-10	11-12	13-14	15	
Sci & Eng Technician	ZT	I	II	III	IV	V	
Corresponding	GS	1-4	5-8	9-10	11-12	13	
Administrative	ZA	I	II	III	IV	V	
Corresponding	GS	1-6	7-10	11-12	13-14	15	
General Support	ZS	I	II	III	IV	V	
Corresponding	GS	1-2	3-4	5-6	7-8	9-10	

(3) The user determines the appropriate pay band by reviewing the definition or standard of each pay band and selecting the band most appropriate for the position, consistent with the principal objective. As a check on the selection, the user should bracket the appropriate pay band by reviewing the next lower band to make sure it is too low for the position and reviewing the next higher band to make sure it is too high. As a final check, after completing the PD, the user should review all parts of the PD to make sure they are consistent with the selected pay band.

(4) Pay banding has the following advantages:

- (a) Fewer, broader, and simpler classification standards
- (b) More understandable classification
- (c) Shorter position descriptions; easier to update
- (d) Fewer classification decisions
- (e) Less documentation and paperwork
- (f) Easier to automate; faster
- (g) Does not require trained specialists; facilitates delegation to line

managers

- (h) Complements pay for performance
- (i) Permits flexible pay setting
- (j) Facilitates pay progression within bands
- (k) Better link with career stages

k. Career Path and Pay Band Standards

(1) Each pay band of each career path has a standard which consists of a narrative description of the pay band in two factors: (a) Duties and Responsibilities and (b) Knowledge, Skills, and Abilities.

(2) At each successively higher band, the Duties and Responsibilities factor describes a higher level of work performed under greater freedom from supervision. For example, in the ZP standard, supervision changes as follows:

- Band I...close and detailed technical supervision...
- Band II ...periodic technical supervision on all phases of assignments...
- Band III...general direction and guidance on project objectives, limits, work plans, and conclusions...
- Band IV...general guidance on policy, resources, and planning...
- Band V...general policy guidance...

(3) Simultaneously, at each successively higher band, the *Knowledge, Skills, and Abilities* (KSA) factor describes a higher level of KSA's that an incumbent must have to successfully perform the level of work described in the Duties and Responsibilities factor. Each higher band, therefore, requires a higher level of education, or more extensive experience in the occupation, or a combination of the two.

(4) The two factors of a pay band standard work together to define the band; they cannot be separated.

(5) Pay band standards are inclusive: each pay band standard builds on and subsumes the criteria of the lower pay band standards in the same career path.

(6) When a series of elements in a pay band standard are connected by the word and, all elements are intended to apply to the model position being described. When the elements are connected by or, each element is intended to refer to a different type of position.

(7) The classification standards for a career path consists of the individual pay band standards for that career path.

(8) The classification factor of *Knowledge, Skills, and Abilities* has a different purpose from the OPM qualifications standards, which still apply. The classification factor describes a level of accomplishment in concise terms as a means of distinguishing that level from lower and higher levels, while the qualification standard lists a broader range of qualification requirements and provides a means for examining the backgrounds of applicants to determine whether they have the potential to perform the work successfully.

I. The Normal Career Pattern

Occupational standards describe the normal or typical career pattern found in each career path and define the career ladders for the career paths:

(1) The career pattern described by the Scientific and Engineering (ZP) standards: professional technical employees who begin their careers as trainees (Band I), move through a developmental stage that builds on professional knowledge gained through undergraduate work (Band II), proceed to independent research or operational work or to full-member status on a research team (Band III), acquire program responsibility (Band IV), and achieve broad peer recognition as an authority in the field (Band V). New PhD graduates enter this career path at Band III. This career progression may be combined with, but does not require, an increasing supervisory and managerial responsibility.

(2) The career pattern described by the Scientific and Engineering Technician (ZT) standards: scientific and engineering support staff who begin their careers as trainees (Band I), then move through a developmental stage (Band II) that prepares them for full-performance technician work (Band III). Some technicians move to a senior technician level (Band IV) because of their ability to acquire professional level knowledge and become creative members of research teams. In rare situations, a technician may supervise a group of technicians (Band V).

(3) The career pattern described by the Administrative (ZA) standards: administrative specialists who begin their careers as students or basic trainees (Band I), then proceed through a developmental stage (Band II) that eventually prepares them for independent full-performance work in all facets of an area of administration or program management (Band III). Some full performance specialists then advance to positions of bureau or Department authorities in key

areas of administration or to supervisory positions over other specialists (Band IV). Finally, some become chiefs of major divisions or offices, heads of administration for large technical major subordinate organizations, or key program leaders under the direction of the OU Director (Band V), or at the Department level.

(4) There is no single career pattern for the Support (ZS) Career Path. Each of the Support standards has its own pattern.

m. Selecting an Official Position Title

(1) The official position titles in the User System database are linked to the occupational series. For series that have only one official title, such as the ZP-1310 series with the single title of Physicist, the User System automatically selects the title. For series that have more than one official position title, the user is prompted to make a selection from a title menu.

(2) Position title definitions appear with the titles.

(3) In the Technician and Support Career Paths, only those position titles appropriate to the occupational series and pay band appear.

(4) Supervisory titles: Normally, the prefix Supervisory automatically appears as part of the official title where appropriate when the user indicates at the supervisory prompt that the position has full supervisory responsibilities requiring 25% or more of the employee's time. Exceptions are those positions that use the suffixes Officer, Manager, and Administrator. For further guidance on supervisory titles, see Section r, Designating Supervisory Responsibility below.

(5) Research title: The Research prefix is an option on many of the title screens in the ZP Career Path. This prefix is sometimes appropriate for position titles in scientific and engineering occupations to distinguish research positions from nonresearch positions. Examples are positions in the 180-Psychologist and 1320-Chemist occupations which cover both research and nonresearch positions. Other scientific and engineering occupations, such as 403-Microbiologist and 1310-Physicist, are considered exclusively research in nature and therefore do not require the Research prefix.

(6) Assistant title: The 341 Administration Officer series has the optional titles of Administrative Officer and Administrative Assistant. The Assistant title is for trainee and developmental positions. Assistant should always be used for Band I. The Officer title should always be used for Band III and above. For positions in Band II, the title should be selected according to the nature of the position.

(7) Officer and Manager title: The Officer or Manager title is a menu option in

some Administrative Career Path occupations, along with one or more Specialist titles. The Officer or Manager title may be used only for the top managerial position in the occupation in the organization. The 341-Administrative Officer, the 391-Telecommunications Manager, and the 1654-Printing Officer titles are exceptions: Administrative Officer is the title for all positions in the series above the trainee and developmental levels.

n. Functional Code Determination

(1) The user must select a single Functional Code for each position established in the ZP Career Path. The function selected should be the one in which the employee is primarily engaged - the one which occupies the largest proportion of the employee's time or which best reflects a combination of functions in terms of the paramount requirements of the job. The choices are:

11 Research

12 Research Contract and Grant Administration

13 Development

14 Test and Evaluation

21 Design

22 Construction

23 Production

24 Installation, Operations, and Maintenance

31 Data Collection, Processing, and Analysis

32 Scientific and Technical Information

41 Standards and Specifications

42 Regulatory Enforcement and Licensing

51 Natural resource operations

81 Clinical practice, counseling, and ancillary medical services

91 Planning

92 Management

93 Teaching and Training

94 Technical Assistance and Consulting

99 Other - Not Elsewhere Classifiable

(2) The user may view descriptions of any of these functions before making a selection.

o. Specialty Descriptor Determination

Specialty descriptors are used to further distinguish positions in the same occupation. They generally describe a specific type of work in an occupation.

(1) Each occupational series may be further divided into specialties. Although the specialties are generally written at the full-performance level, they may be used for positions above or below the full-performance level.

(2) The User System lists the most common specialties associated with the occupational series selected by the user. The user may select up to three specialties for a position.

p. The user may select specialties in three ways:

(1) from the list that appears with the occupation;

(2) from the general specialty database, by entering a key word or part of a word that the system uses to search through specialty titles in the database; for example, entering COMP lists all specialties having Computer, Computers, or Computing in their titles; and

(3) from a family of series, which allows the user to look at all the specialties within a broad occupational category of a career path; for example, in the Scientific and Engineering Career Path (ZP) the system lists the following suboptions:

0100 Social Sciences

0334 Computer Specialist

0400 Biology

0800 Engineering/Architecture

1300 Physical Science

1500 Mathematics/Statistics

1550 Computer Science

For example, typing 800 would list the codes and titles of all specialties in Engineering and Architecture.

(4) A user who cannot find an appropriate specialty in the database may choose to establish the position description without a specialty. This is a valid approach, particularly for positions which:

(a) have a common pattern and do not require differentiation (this is true of many lower and mid-level positions in the ZT and ZS Career Paths, which are adequately described by the occupation and band descriptors);
or

(b) can be differentiated through the free-form entries for Principal Objective and Position-Specific Key Phrases.

(5) Users may prepare and recommend new specialty descriptors to their servicing HR office as needed. The servicing HR manager or designated staff may approve additional specialty descriptors that must then be forwarded to the DoC Demonstration Project Manager for review and entry into the database. A specialty descriptor should be written in two sentences, the first sentence to reflect *the Duties and Responsibilities* factor and the second to reflect the *Knowledge, Skills and Abilities* factor.

q. Entering Position-specific Key Phrases

(1) The user has three lines to enter specific information about the position not already addressed by the principal objective or the specialty descriptors.

(2) The recommended approach is to express these phrases in terms of one or both of the two classification factors: (a) the Duties and Responsibilities of the position and (b) the Knowledge, Skills, and Abilities required of the incumbent.

(3) The phrases entered should be consistent with the classification of the position and fit the classification logic described above. After entering the position-specific key phrases, the user should compare them with the principal objective, occupational descriptor, and pay band descriptors entered earlier as a final check for proper classification.

r. Designating Supervisory Responsibility

- (1) The User System asks the user whether:
 - (1) the incumbent of the position will spend 25% or more of his/her time performing supervisory duties and
 - (2) whether the incumbent will perform the minimum duties for classification as a supervisor, including evaluating performance. (Y/N)
- (2) Selecting Y (Yes) for both questions:
 - (a) prints Supervisory as the first word of the official position title, unless the basic title is already supervisory in nature, such as an Officer, Manager, or Administrator title;
 - (b) prints Incumbent's Supervisory Responsibilities on page 1 of the PD: Employee performs the full range of supervision at least 25 percent of the time.
- (3) Full supervisory authority includes assigning work to subordinates and formally evaluating the performance of the work; planning and revising work schedules; training and instructing subordinates; interviewing candidates; recommending appointments, promotions, reassignments, training, and awards; coordinating work with representatives of other units; planning resource needs; and reporting to higher level supervisors and managers on workload and accomplishments.

4. PROCESSING CLASSIFICATION ACTIONS

a. Action Package

The supervisor must send the following items with a classification action:

- (1) Form SF-52 (Request for Personnel Action), completed and signed;
- (2) Form CD-516 (PD Cover Sheet), completed and signed; and
- (3) The position description (PD).

b. Routing

After the official with classification authority has signed as classifier, the unit should route the action package to the servicing HR Advisor in accordance with OU procedures.

c. HR Office Validation

The HR Office checks the package for consistency and completeness, reviews the action for compliance with DPMB and OPMB classification policies, validates the description by signing the back of the CD-516, assigns an effective date, and enters the action into the NFC automated personnel/payroll system.

5. CLASSIFICATION APPEALS

a. Eligibility

A DoC Demonstration Project employee may appeal the classification of his/her position at any time.

b. Appeal Levels

(1) A DoC Demonstration Project employee wishing to formally appeal must first appeal to the Chair, OPMB, or designee.

(2) If the employee is dissatisfied with the OPMB decision, he or she may appeal further to the DPMB Chair or designee. The decision of the DPMB will be final.

c. Appealable Issues

A project employee may appeal the occupational series, title (if prescribed by OPM guidelines), or pay band of the position the employee officially occupies.

d. Nonappealable Issues

The following issues are not appealable under the DoC Demonstration Project:

(1) The accuracy of the official position description, including the appropriateness of specialty descriptors;

(2) The accuracy, consistency, or applicability of pay band standards; or

(3) An assignment or detail outside the scope of normally performed duties as outlined in the official position description.

e. Form and Content of Appeal

An employee's appeal must be in writing and must include the reasons why the employee believes his or her position is misclassified. In addition, the appeal should include the following information:

(1) Employee's name, mailing address, and office telephone number;

- (2) Exact location of the position in the operating unit;
- (3) Employee's current classification, i.e., career path, series, title, and pay band;
- (4) Requested classification; and
- (5) A copy of the official position description, along with a statement concerning its accuracy.
- (6) A copy of the OPMB decision, if applicable.

f. Time Limits

- (1) A project employee may file an appeal at any time. However, if the employee appeals a reduction in pay band, time limits apply to preserve retroactive correction. In these cases, the employee must appeal to the OPMB Chair or designee within 15 calendar days after the effective date of the personnel action.
- (2) The OPMB Chair or designee must render a decision on the appeal within 60 calendar days from the date of receipt.
- (3) The DPMB Chair will render a decision within 60 days from the date of receipt of the appeal from the OPMB or the employee.

g. Factfinding

The employee and/or the OPMB must furnish, in writing, the necessary facts required to render a decision on the appeal.

h. Notification

The employee will be notified in writing of the OPMB and/or DPMB decision on his/her appeal.

i. Effective Date of Decision

The effective date of a classification appeal decision is not earlier than the date of the decision, and not later than the beginning of the fourth pay period following the date of the decision.

6. **REVISING THE SYSTEM**

a. Authority

- (1) The OU Classification Coordinator may approve minor revisions to the

database.

(2) The DPMB approves major revisions. When appropriate, OPM will be notified.

b. New Occupational Series

(1) Only those OPM occupational series being used in DoC participating organizations are in the database. Other OPM series are still available, however, if needed.

(2) When a user cannot find an appropriate occupational series in the database for an unusual position, the user should contact the unit's HR Advisor for assistance.

(3) When the user and the HR Advisor agree on the need for an occupational series not in the database, the servicing HR office will write a description for the series and forward it to the DoC Demonstration Project Manager, or designee, for review and entry into the database.

(4) When the user and the HR Advisor settle on an occupational series not in the database, the servicing HR office will write a description for the series, forward it to the DoC Classification Program Manager to obtain DPMB approval, and once approved, enter it in the database.

c. New Position Titles

When a user believes there is no appropriate position title provided by the database for the selected occupational series, the user should contact the unit's HR Advisor for assistance. The servicing HR Office proposes new official position titles for addition to the database. The OU Classification Coordinator is responsible for approving proposed titles and entering them in the system.

d. New Specialty Descriptors

(1) A user who wants to add a specialty descriptor to a position description, but cannot find an appropriate descriptor in the database, should contact the unit's HR Advisor for assistance. The Advisor will help the user write a specialty descriptor for the position.

(2) The DoC Demonstration Project Manager or designee approves new specialty descriptor additions to the database.

B. STAFFING

1. INTRODUCTION

a. Coverage

The staffing provisions apply to all positions covered by the project, except 5 U.S.C. 3104 (ST) positions, which are covered by OPM and Department of Commerce staffing procedures.

b. Objectives

The objectives of the staffing provisions are:

- (1) To attract high-quality candidates
- (2) To make the hiring process shorter and more efficient
- (3) To retain good performers

c. Overview

- (1) New examining and hiring procedures coupled with simplified classification procedures shorten the hiring process. Other features, such as recruitment payments, help attract candidates in essential occupations. Retention payments are used to retain highly skilled and productive employees.
- (2) The DoC Demonstration Project uses the staffing options of Direct Examination (shortage occupations and shortage: highly-qualified candidates), Agency-Based Staffing, Merit Assignment, Reinstatement, and Reassignment. Managers, working with HR staff, determine the appropriate hiring strategy in each case.
- (3) All vacancies are treated on a case-by-case basis and managers have the option of choosing one or a combination of the applicable staffing options.
- (4) Examination and hiring procedures are administered by the servicing HR office.

2. DEFINITIONS

a. Accretion-of-Duties Promotion

A noncompetitive promotion of an employee whose position evolves to a higher pay band, with the "old" position being absorbed into the "new" position.

b. Critical Shortage Occupations

Hard-to-fill occupational series for which OPM authorizes a special pay rate, or hard-to-fill occupational series which require essential job-specific skills that are in short supply.

c. Critical Shortage: Highly Qualified Candidates

Candidates who meet high academic and training standards for direct hire into entry level positions, including:

(1) ZP Career Path: Pay Bands I and II candidates having a bachelor's degree with at least a 2.9 GPA out of 4.0 in a job-related major, or having a master's degree in a job-related field.

(2) ZT Career Path: Pay Band I candidates with at least a 2.9 GPA out of 4.0 in a job-related field in a two-year program in an accredited college, junior college, or technical institute; or Pay Band II candidates who have at least a 2.9 GPA in a job-related field in 4 years of college study.

d. Change to Lower Pay Band

Change of a Demonstration Project employee to:

(1) a lower pay band in the same career path. The personnel action is processed as a change to lower grade. If a change to a lower pay band is accomplished competitively, it may involve a pay increase. In this case, the personnel action is processed as a change to lower grade/pay adjustment.

(2) a pay band in another career path in combination with a reduction in salary. The personnel action is processed as a change to lower grade.

e. Luevano Consent Decree

A legal decision requiring the establishment and application of an approved rating procedure for entry into professional and administrative occupations at the GS-5 and GS-7 levels. OPM administers an approved examining instrument for these positions on a case-by-case basis or administers a written test for the agency upon request.

f. Non-status applicant

An individual who is not a current Federal employee or a former Federal employee with reinstatement eligibility.

g. Promotion

Change of a Demonstration Project employee to:

- (1) a higher pay band in the same career path; or
- (2) a pay band in another career path in combination with any increase in the employee's salary.

h. Reassignment

Change of an employee from one position to another position, without a change in salary. This definition covers changes in career paths, as long as there is no change in salary (with the exception of locality pay).

i. Reassignment with a Pay Adjustment

The reassignment of an employee from one position to another within the same career path and pay band (i.e. ZP III to ZP 111) in association with a pay increase. A reassignment with a pay increase may be a permanent or temporary action. A reassignment with a pay adjustment can only be done competitively unless done on a temporary basis for 120 calendar days or less (i.e. movement to a position of greater responsibility within the same pay band).

j. Status Applicant

A current or former Federal employee with eligibility for either a new appointment or reinstatement based on a career or career-conditional appointment.

k. Veterans Preference

Veterans preference awards additional points to the rating of a veteran and/or other eligibles who meets the eligibility requirements as outlined in the OPM Federal Employment Policy Handbook: Veterans and the Civil Service. The Handbook defines the different types of veterans preference (e.g., TP, CP, and XP).

3. DIRECT EXAMINATION AND HIRING: CRITICAL SHORTAGE OCCUPATIONS

a. General Coverage

Direct examination applies to status and non-status applicants. Generally, permanent positions in the ZA and ZP Career Paths covered by the Luevano Consent Decree cannot be filled under direct examination procedures. However, positions in Pay Band II may be filled using direct examination if the appointee's salary is set at a rate that exceeds the

maximum rate of the GS-7 grade on the applicable rate range of the General Schedule. Temporary and Term positions in professional and administrative occupations may be filled under direct examination procedures.

b. Occupational Coverage

Critical shortage occupations are identified when recruitment records maintained by the servicing HR office indicate that the following conditions exist:

- (1) There are no or insufficient eligibles with justifiable selective or quality ranking factors essential to agency staffing needs.
- (2) There are extensive patterns of declinations or failures to respond.
- (3) Combinations of the above conditions exist that are expected to be frequently recurring.

c. Recruitment Procedures

- (1) Applications are received by operating units in response to particular vacancy announcements or open continuous announcements, both of which are posted at a minimum on the Governmentwide automated employment information system operated by OPM. Applications received from the open continuous postings using direct examination procedures must be maintained in the servicing HR office's Applicant Supply File.
- (2) For employment consideration, applicants must submit a complete SF-171, Application for Federal Employment, an OF 612, or a resume, and any required supplemental information.

d. Examination of Applicants

- (1) Authorized staff of the servicing HR office are trained as examiners to review applications for completeness and to determine whether all legal and suitability requirements have been met.
- (2) The OPM Qualifications Standards Handbook for General Schedule Positions is used to determine an applicant's minimum qualifications.
- (3) Applicants are examined only for the occupation and level of the position being filled.
- (4) Selective placement factors are used when warranted.
- (5) Minimum qualifications of applicants are documented and maintained in the

vacancy announcement file.

e. Rating and Ranking of Applicants

(1) The Delegated Examining Unit (DEU) Handbook is used to rate and rank non-status applicants.

(2) When there are no more than three qualified applicants and no preference eligibles, no further rating or ranking occurs.

(3) When there are more than three qualified applicants or there is a mix of preference and nonpreference applicants, further rating and ranking occurs. A crediting plan with quality ranking factors is prepared and applicants are rated according to the plan. Qualified applicants are assigned numerical scores; each qualified applicant is assigned a score of 70 for meeting the minimum qualifications requirements. The HR Advisor or a rating panel rates each qualified applicant against the deferred crediting plan developed from the quality ranking factors. Up to 30 points may be assigned during the rating process. Veteran preference eligibles receive an additional 5 or 10 points. Ratings are documented in the vacancy announcement file.

(4) If quality-ranking factors are listed in a vacancy announcement, all applicants must be rated and ranked using a crediting plan containing the quality ranking factors. Exceptions to this rule are situations described in paragraph (1) above.

(5) Applicants are ranked according to their scores.

(6) In accordance with OPM regulations, Worker Trainee applicants do not need to be rated and ranked.

f. Referral of Applicants

(1) Prior to referral, all OPM and DoC priority consideration programs are checked for the availability of qualified candidates.

(2) When there are no more than three qualified applicants and no preference eligibles, no further rating or ranking occurs. All three applicants are referred.

(3) When rating and ranking occurs, normally, the top three applicants are referred to the selecting official on a Certificate of Eligibles in rank order according to their scores, except that a CP-Applicant, regardless of score, is given absolute preference over all other applicants for vacancies in the following career paths and pay bands:

ZP: Bands I-II

ZT: Bands I-V

ZA: Bands I-V

ZS: Bands I-V

g. Passing Over a Veterans Preference Eligible

Based on appropriate justification from the selecting official, a selecting official may pass over a veteran in accordance with the DEU Handbook. The manager should contact the servicing HR Advisor for guidance on this process.

h. Reconsideration

Applicants may submit a written request to the servicing HR Manager asking for reconsideration of the qualifications, rating, and ranking determinations made by the servicing HR office staff. (The HR Manager is not involved in initial qualifications, rating, and ranking determinations.) A request must explain why the original determination was improper and what factors were not considered, and should provide any other pertinent information which would enable the servicing HR Manager to reevaluate the decision. Applicants determined to have "lost consideration" receive priority referral for the next vacancy in the same career path, series, and pay band for which qualified. They have priority consideration over all other candidates, including preference eligibles and other priority referrals.

i. Retention of Records

Direct examination case files are retained for five years after completion of the selection process.

4. DIRECT EXAMINATION: CRITICAL SHORTAGE HIGHLY QUALIFIED CANDIDATES

a. General Coverage

Direct examination applies to status and non-status applicants. Generally, permanent positions in the ZA and ZP Career Paths covered by the Luevano Consent Decree cannot be filled under direct examination procedures. However, positions in Pay Band II may be filled using direct examination if the appointee's salary is set at a rate that exceeds the maximum rate of the GS-7 grade on the applicable rate range of the General Schedule. Temporary and Term positions in professional and administrative occupations may be filled under direct examination procedures.

b. Applicant Coverage

Applicants who meet high academic and training standards are critical-shortage highly qualified candidates. They are eligible for direct hire into the Scientific and Engineering (ZP) and Scientific and Engineering Technician (ZT) Career Paths at Pay Bands I and II. The following career paths and pay bands are currently covered under the Critical Shortage: Highly Qualified Candidate category:

ZP Career Path: Candidates for Pay Band I and II positions who have a Grade Point Average (GPA) of at least 2.9 out of 4.0 in a job-related major or a Master's Degree in a job-related field.

ZT Career Path: Candidates for Pay Band I and II positions who have a GPA of at least 2.9 out of 4.0 in a job-related field in two (Band I) or four (Band II) years of study.

c. Recruitment Procedures

(1) Applications are received by operating units in response to particular vacancy announcements or open continuous announcements, both of which are posted at a minimum on the Governmentwide automated employment information system operated by OPM. Applications received from the open continuous postings using direct examination procedures must be maintained in the Servicing HR Office's Applicant Supply File.

(2) For employment consideration, applicants must submit a complete SF-171, Application for Federal Employment, OF 612, or a resume, and any required supplemental information.

d. Examination of Applicants

(1) Authorized staff of the servicing HR office are trained as examiners to review applications for completeness and to determine whether all legal and suitability requirements have been met.

(2) The OPM Qualifications Standards Handbook for General Schedule Positions is used to determine an applicant's minimum qualifications, except that the DoC Demonstration Project is exempt from written test requirements.

(3) Applicants are examined only for the occupation and level of the position being filled.

(4) Selective placement factors are used when warranted.

(5) Minimum qualifications of applicants must be documented and maintained in the vacancy announcement file.

e. Rating and Ranking of Applicants

- (1) When there are no more than three qualified applicants and no preference eligibles, no further rating or ranking occurs.
- (2) When there are more than three qualified applicants or there is a mix of preference and nonpreference applicants, further rating and ranking occurs. A crediting plan with quality ranking factors is used and applicants are rated according to the plan. Qualified applicants are assigned numerical scores; each qualified applicant is assigned a score of 70 for meeting the minimum qualifications requirements. The HR Advisor or a rating panel rates each qualified applicant against the deferred crediting plan developed from the quality ranking factors. Up to 30 points may be assigned during the rating process. Veteran preference eligibles receive an additional 5 or 10 points. Ratings are documented and maintained in the vacancy announcement file.
- (3) If quality ranking factors are listed in a vacancy announcement, all applicants must be rated and ranked using a crediting plan containing the quality ranking factors. (Exceptions to this rule are situations described in (1) above.)
- (4) Applicants are ranked according to their scores.

f. Referral of Applicants

- (1) Prior to referral, all OPM and DoC priority consideration programs are checked for the availability of qualified candidates.
- (2) When there are no more than three qualified applicants and no preference eligibles, there is no further rating or ranking, and qualified applicants are referred on a Direct Hire Referral List.
- (3) When rating and ranking occurs, normally the top three applicants are referred to the selecting official on a Certificate of Eligibles in rank order according to their scores, except that a CP-Applicant, regardless of score, is given absolute preference over all other applicants for vacancies in the following career paths and pay bands:

ZP: Bands I-II

ZA: Bands I-V

ZT: Bands I-V

ZS: Bands I-V

g. Passing Over a Veterans Preference Eligible

Based on appropriate justification from the selecting official, a selecting official may pass over a veteran in accordance with the DEU Handbook. The manager should contact the servicing HR Advisor for guidance on this process.

h. Reconsideration

Applicants may request, in writing to the HR Manager, reconsideration of the qualifications, rating, and ranking determinations made by the HR office staff. (The HR Manager is not involved in initial qualifications, rating, and ranking determinations.) A request must explain why the original determination was improper and what factors were not considered, and should provide any other pertinent information which would enable the HR Manager to reevaluate the decision. Applicants determined to have "lost consideration" receive priority referral for the next vacancy in the same career path, series, and pay band for which qualified. They have priority consideration over all other candidates, including preference eligibles and other priority referrals.

i. Retention of Records

Direct examination case files are retained for five years after completion of the selection process.

5. AGENCY-BASED STAFFING

a. General Coverage

Agency-based staffing applies to status and non-status applicants.

b. Position Coverage

All positions in all occupations and pay bands are covered by agency-based procedures. However, agency-based procedures are primarily used to hire non-status candidates into positions not covered by direct examination authority.

c. Recruitment Procedures

(1) Each position filled under agency-based procedures is advertised a minimum of two weeks. Vacancies filled by agency-based procedures will be advertised at a minimum through the Governmentwide automated employment information system operated by OPM. Vacancies may receive wider distribution.

(2) For employment consideration, an applicant must submit a complete SF-171, Application for Federal Employment, OF 612, or a resume and required supplemental information.

d. Examination of Applicants

- (1) Authorized staff of the servicing HR office are trained as examiners to review applications for completeness and suitability, and to rate applicants for employment eligibility.
- (2) The OPM Qualifications Standards Handbook for General Schedule Positions is used to determine an applicant's basic qualifications, except that the DoC Demonstration Project is exempt from written test requirements.
- (3) Applicants are examined only for the occupation and level of position being filled.
- (4) Quality ranking factors and selective placement factors are used where warranted.
- (5) Minimum qualifications of candidates are documented in the vacancy announcement file.

e. Rating and Ranking of Applicants

- (1) When there are no more than three qualified applicants and no preference eligibles, no further rating or ranking occurs.
- (2) When there are more than three qualified applicants or there is a mix of preference and nonpreference applicants, further rating and ranking occurs. A crediting plan with quality ranking factors is used and applicants are rated according to the plan. Qualified applicants are assigned numerical scores; each qualified applicant is assigned a score of 70 for meeting the minimum qualifications requirements. Under Agency-Based Staffing, a crediting plan should be submitted with the vacancy announcement. The HR Advisor or a rating panel rates each qualified applicant against the deferred crediting plan developed from the quality ranking factors. Up to 30 points may be assigned during the rating process. Veteran preference eligibles receive an additional 5 or 10 points. Ratings are documented and maintained in the vacancy announcement file.
- (3) If quality ranking factors are published in a vacancy announcement, applicants must be rated against the quality ranking factors, except when the conditions in (1) above exist.
- (4) Applicants are ranked according to their scores.

f. Referral of Applicants

(1) Prior to referral, all OPM and DoC priority consideration programs are checked for the availability of qualified candidates.

(2) When there are no more than three qualified applicants and no preference eligibles, no further rating or ranking occurs. Qualified applicants are referred on an Agency-Based Staffing referral list.

(3) When rating and ranking occurs, normally the top three applicants are referred to the selecting official on a Certificate of Eligibles in rank order according to their scores, except that a CP-Applicant, regardless of score, is given absolute preference over all other applicants for vacancies in the following career paths and pay bands:

ZP: Bands I-II

ZT: Bands I-V

ZA: Bands I-V

ZS: Bands I-V

g. Passing Over a Veteran Preference Eligible

Based on appropriate justification from the selecting official, a selecting official may pass over a veteran in accordance with the DEU Handbook. The manager should contact the servicing HR Advisor for guidance on this process.

h. Reconsideration

Applicants may request, in writing to the HR Manager, reconsideration of the qualifications, rating, and ranking determinations made by the HR office staff. (The HR Manager is not involved in initial qualifications, rating, and ranking determinations.) A request must explain why the original determination was improper and what factors were not considered, and should provide any other pertinent information which would enable the HR Manager to reevaluate the decision. Applicants determined to have "lost consideration" must receive priority referral for the next vacancy in the same career path, series, and pay band for which qualified. They have priority consideration over all other candidates, including preference eligibles and any other priority referrals.

i. Retention of Records

Agency-based case files are retained for five years after completion of the selection process.

6. MERIT ASSIGNMENT PROGRAM

a. General Coverage

The Merit Assignment Program (MAP) covers status applicants only.

b. Background

(1) The MAP is used for filling vacancies requiring MAP competition for promotion, reassignment, pay adjustment within the pay band or other competitive personnel actions.

(2) Reassignment procedures allow managers to select status candidates for positions which have no known promotion potential beyond the comparable grade or pay band of the applicant's current position. However, an employee cannot be reassigned without competition to a different position in the same or different pay band with higher pay potential. This restriction applies to positions in the same or a different career path. For example, an employee in Pay Band II of the ZT Career Path (which covers grades 5-8) cannot be noncompetitively reassigned to a position at Pay Band II in the ZP Career Path (which covers grades 7-10). This restriction does not apply to the reassignment from a nonsupervisory position to a supervisory position that involves no higher pay potential other than supervisory pay.

(3) An employee may be noncompetitively converted (i.e. reassigned) to a position within the Demonstration Project that has greater pay potential if the conversion is based upon a written management directive (e.g. an officially approved reorganization, directed reassignment, etc.).

c. Career Ladders

In accordance with the project plan, OPMBs are authorized to determine when career ladders should be established in their respective OU. When career ladders are established, they will follow the pattern described in Section IIA, Position Classification.

7. ACCRETION-OF-DUTIES PROMOTIONS

Specific guidelines and restrictions apply to promotions based on accretion of duties.

a. Documentation

A request to effect an accretion-of-duties promotion must be accompanied by a short memorandum explaining the changes in the position that warrant the proposed higher band. In addition, the supervisor must submit a signed statement affirming the following:

(1) The "old" position has been absorbed into the new position.

(2) Either of the following conditions is present: (a) the employee continues to perform the same basic functions, and the duties represent an outgrowth, over a significant period of time, e.g., six months to a year, of the "old" position; or (b) a program change requires the immediate performance of new duties that only one employee is capable of performing.

b. Restrictions

Accretion-of-duties promotions from nonsupervisory positions to supervisory positions at a higher pay band are prohibited. Accretion-of-duties promotions across career paths are discouraged. Such cases are subject to close review and validation by the servicing HR office.

8. PAID ADVERTISING

a. Methods

Paid advertising in journals, professional magazines, and newspapers may be used as one of the first steps in recruitment to expand recruiting sources and attract the best candidates.

b. Authority

Selecting officials have authority for paid advertising, including authority to use paid advertising in the initial stages of recruitment. The servicing HR office reviews the content of the advertisement for regulatory compliance.

9. THREE-YEAR PROBATIONARY PERIOD

The probationary period for new appointees in research and development (R&D) positions in the ZP career path is three years. However, a supervisor may end the probationary period of a subordinate ZP R&D employee at any time after one year.

a. Coverage

The extended probationary period applies only to non-status employees hired after conversion to the Demonstration Project who do not have reemployment or reinstatement rights.

b. Exclusions

(1) If a selectee to be appointed under direct examination, agency-based procedures, or the merit assignment program is already in the Federal Service, has status, and has completed a probationary period, no new probationary period is

required.

(2) If a selectee to be appointed under direct examination, agency based, or merit assignment program authority is already in the Federal Service and has status, but has not completed a probationary period, the employee is required to complete the one-year probationary period but is not required to begin a new probationary period.

c. Options

Annually during the probationary period of the ZP R&D employee, the responsible manager is required to submit to the servicing HR Office a written decision on whether to:

(1) end probation (change the employee from probationary to nonprobationary status);

(2) continue the employee on probation; or

(3) terminate the appointment.

The three-year probationary period may be ended by the responsible manager at any time after the first year.

10. QUALIFICATION REQUIREMENTS

a. The qualifications required for placement within a pay band and within a career path are based on present qualification requirements in the OPM Qualifications Standards Handbook for General Schedule Positions, except that testing requirements are not used, and the Superior Academic Criterion will be defined as a 2.9 GPA (on a 4.0 scale).

b. The minimum qualification requirements for a position are the OPM requirements for the occupational series and for the lowest General Schedule grade incorporated in the pay band.

c. Time-in-band requirements will apply. Minimum requirements may be met on the basis of time spent in the next lower band or a combination of time spent in the next lower band and an equivalent next lower grade. When a band consists of more than one grade, minimum time-in-band requirements can be met on the basis of time spent in the next lower band, but not solely on the basis of minimum time spent in the lowest grade of the band. For example, an employee who spends one year in Pay Band IV meets the minimum time-in-band requirements for Pay Band V; however, an employee who spends one year at the GS-13 grade level does not meet the minimum time-in-band requirement for promotion to Pay Band V.

d. The DPMB may authorize new or modified qualification standards to reflect current practices in the scientific, engineering, and computer science fields and to reflect modern curricula in recognized degree programs. When new occupational series are defined, new minimum qualification standards are written following the pattern of the OPM Qualifications Standards Handbook for General Schedule Positions.

11. RECRUITMENT AND RETENTION PAYMENTS

a. General

(1) Recruitment and retention payments are used to provide incentives for individuals to enter or remain in the Federal service. It is not intended that recruitment and retention payments be made to employees who are already in the Federal service, i.e., to attract an employee from another Federal agency or to prevent an employee from going to another Federal agency.

(2) Decisions on payments are based on market factors such as salary comparability and salary offer issues; relocation and dislocation issues; programmatic urgency; emerging technologies; turnover rates; special qualifications; and shortage categories or positions unique to the operating unit.

b. Coverage

All scientific, engineering, and other hard-to-fill positions will be eligible.

c. Authority

Based on the determination factors above, recruitment and retention payments are approved by the appropriate OPMB, unless approval authority is redelegated.

d. Amount

A recruitment or retention payment may be up to \$10,000, or 25 percent of basic pay, whichever is greater.

e. Service Agreements for Recruitment Payments

(1) Receipt of a recruitment payment represents a commitment by the employee to remain in Federal service for a specified time period of from 6 to 36 months, to be determined between the individual and the hiring official.

(2) The service agreement outlines amount of payment, time requirements of agreement, payment schedule, and repayment requirements if the individual separates from Federal service before the end of the agreed-upon period, other

than having been involuntarily separated from Federal service.

(3) The service agreement must be maintained as a permanent document (on the right side of the employee's Official Personnel File).

(4) The OPMB Chair must approve all waivers of repayment when a service agreement has not been fulfilled. The general policy is that repayment must be made.

(5) Actions to collect repayment may be terminated under appropriate circumstances.

f. Payment Method

(1) A recruitment payment may be paid in a lump sum at or soon after entry on duty or may be paid in increments over a period of time determined by the OPMB Chair or appropriate approving official, not to exceed 36 months.

(2) A retention payment may not be paid in a lump sum but must be paid in increments over a period of time determined by the OPMB Chair or appropriate official, not to exceed 36 months.

(3) Recruitment and retention payments are not considered part of an individual's basic pay.

12. RELOCATION BONUS

a. General

(1) A Relocation Bonus is used to provide an incentive to an employee who must relocate to accept a position in a different commuting area, provided there is a determination that, in the absence of such a bonus, difficulty would be encountered in filling the position.

(2) Decision on payment is based on factors such as offers made and declinations of offers received for similar positions; competition in the labor market; length of time to fill similar positions; turnover in similar positions, and special qualifications required.

b. Coverage

All scientific, engineering and other hard-to-fill positions will be eligible.

c. Authority

Based on the determination factors above, relocation bonus payments are approved by the appropriate OPMB, unless approval authority is redelegated.

d. Amount

A relocation bonus payment may be up to 25% of basic pay.

e. Service Agreement

(1) Before a relocation bonus may be paid, the employee must sign a written service agreement to complete a specified period of time from 6 to 36 months, employment with the appointing office at the new duty station. The specified time period is to be determined between the individual and the official who has approval authority.

(2) An employee who fails to complete the period of employment established under a service agreement shall be indebted to the Federal government and shall repay the relocation bonus on a pro rata basis. The amount to be repaid shall be determined by providing credit for each full month of employment completed by the employee under the service agreement. The service agreement outlines amount of payment, time requirements of agreement, payment schedule and repayment requirements if the individual separates from Federal service before the end of the agreed-upon period, other than having been involuntarily separated from Federal service.

(3) The service agreement must be maintained as a permanent document on the right side of the employee's Office Personnel File.

(4) The OPMB Chair must approve all waivers of repayment when a service agreement has not been fulfilled. The general policy is that repayment must be made.

(5) Actions to collect repayment may be terminated under appropriate circumstances.

f. Payment Method

A relocation bonus is paid in a lump sum at the sum at the same time and same manner as an employee's pay. A relocation bonus is not considered part of an employee's basic pay.

13. TRAVEL EXPENSES

a. General

Within OPMB guidelines, travel and transportation expenses, advancement of funds, per diem expenses incident to travel, and/or relocation expenses may be provided to new hires in the same manner as is authorized in sections 5723, 5724, 5724a, 5724b, and 5724c of Title 5 U.S. Code.

b. Authority

The selecting official, within OPMB guidelines, makes decisions on payment of travel expenses.

c. Service Agreement

- (1) Recipients must sign service agreements indicating commitment to at least 12 months continued service.
- (2) Service agreements contain a repayment obligation in the event the recipient separates from Federal service before the end of the agreed upon period.
- (3) The service agreement must be maintained as a permanent document (on the right side of the employee's Official Personnel File).
- (4) Actions to collect repayment may be terminated under appropriate circumstances and in accordance with generally applicable standards for termination.

C. REDUCTION-IN-FORCE

1. INTRODUCTION

The DoC Demonstration Project follows all reduction-in-force (RIF) procedures contained in current law and regulation, except as provided in the project plan in the Federal Register Notice of December 24, 1997, any subsequent modifications as published in the Federal Register, and in this document.

a. Career Paths and Pay Bands:

- (1) RIF procedures have been adjusted in the context of the career path and pay band classification system.
- (2) Under the DoC Demonstration Project, employees may bump into positions, in the same career path at their same pay band or one pay band below, that is currently held by another employee in a lower retention subgroup. Employees may retreat into positions in the same career path at the same pay band or one pay band below that currently held by another employee in their same subgroup who has a lower RIF service computation date.

(3) Operating units are not required to fill vacant positions through RIF procedures, but when a vacant position is filled with a displaced employee, the guidelines and procedures in this section will be followed.

b. Competitive Areas

(1) Within a geographic area, each of the four career paths in each project operating unit will be a separate competitive area.

(2) Bumps and retreats will occur only within the competitive area and only to positions for which employees are qualified in their same or next lower pay band.

c. Competitive Level

The definition and function of "competitive level" were not changed by the Demonstration Project and continue to be applied as described in 5 CFR Part 351.

d. Link Between Performance and Retention

(1) An employee with an overall performance score in the top 30 percent of scores within the same pay period is credited with 10 additional years of service for retention purposes. This credit is applied for each of the last three annual performance scores of record received under this system during the four-year period prior to the date of issuance of the RIF notice accumulating for a potential maximum total credit of 30 years for an employee.

(2) An employee rated *eligible* with an overall performance score that does not fall within the top 30 percent of scores within a pay pool will be credited with 5 additional years of service for retention credit. The total credit will be based on the employee's three more recent annual performance scores received during the four-year period prior to the date of issuance of the RIF notice accumulating a potential maximum total credit of 15 years for an employee.

(3) An employee who received RIF service credit as a result of an increase in score due to a reconsideration or grievance will not affect any other employee in that same pay pool who previously received RIF credit in that performance cycle.

(4) Employees who convert to this system from any other performance appraisal system within the Federal government will receive five additional years of service for retention credit for each performance rating of record equivalent to an eligible rating in the demonstration project.

2. RIF ASSIGNMENT PANEL AND SUBPANELS: MEMBERSHIP

The RIF Assignment Panel consists of representatives from the operating unit appointed by the Chair, OPMB. A servicing HR Advisor serves as Technical Advisor and Executive Secretary to the Panel. A RIF Subpanel consists of two general subject matter specialists appointed by the Chair, RIF Assignment Panel. An HR Advisor serves as Technical Advisor and Executive Secretary to a RIF Subpanel.

3. PROCEDURES

a. Managers have the responsibility to decide which programs and positions will be abolished. When that determination is made, the manager must

- (1) obtain written approval;
- (2) notify the affected employee of the proposed RIF and request an updated SF-171, OF 612, or resume; and
- (3) submit an SF-52 (Request for Personnel Action) and justification for the RIF to the servicing HR Manager.

b. The HR Advisor determines whether the employee is released from his/her competitive level, and conducts a survey of positions in the operating unit for which the employee meets the minimum OPM qualifications within the employee's career path at his/her pay band and one pay band lower. The survey is based on the employee's retention standing and the HR Advisor's analysis of the employee's qualifications.

c. The HR Advisor convenes appropriate subpanels as needed. The number of subpanels to be convened is determined by the number of different occupational series for which the displaced employee qualifies. Also, additional subpanels may be convened if the number of positions to be reviewed in a specific series is more than can be adequately handled by one subpanel. The subpanels review the affected employee's qualifications and the qualifications required for the positions under consideration. Positions for which the subpanels determine the employee is not qualified are eliminated from further consideration. Other positions are referred to the RIF Assignment Panel.

d. The OPMB Chair convenes the RIF Assignment Panel. The Panel: (1) reviews the positions referred and (2) determines which positions, if any, require further information to determine whether the displaced employee can perform the duties of the position without undue disruption. The Panel notifies the organization in which the incumbent of the affected position is located. As appropriate, the Panel requests information and documentation that will assist the Panel in making its recommendations. Also as appropriate, the servicing HR Manager and the Panel meet to discuss the recommendations.

e. The Panel is responsible for making final recommendations to the servicing HR

Manager of the best offer, if any. As appropriate, the servicing HR Manager and the Panel meet to discuss the recommendations. The HR Manager makes the final decision on the action.

D. PAY ADMINISTRATION

1. INTRODUCTION

a. Objective

The objective is to establish a pay system that will improve the ability of participating operating units to attract and retain quality employees.

b. Delegation of Authority

The authority to set pay is delegated to supervisors, within the delegations issued by each OPMB and by this document.

2. DEFINITIONS

a. Basic Pay

The rate of pay fixed by law or administrative action for the position held by an employee before any deductions and exclusive of additional pay of any kind.

b. Date of Last Equivalent Increase (DLEI)

The first pay period in November in the year an employee was last eligible for a rating (whether or not a pay increase was given). If the employee does not have an opportunity for a rating and a performance payout, then the three percent cumulative rule applies.

c. Pay Adjustment

An adjustment in base salary within the same career path and pay band.

d. Pay Band

A range of pay and a level of classification within each career path. Pay bands replace the grades of the General Schedule (GS). A pay band may be equivalent to one or more GS grades. (See Career Paths and Pay Bands chart under Section IIA, Position Classification.)

e. Pay for Performance

Pay for performance has three components: (a) the annual adjustment to basic pay, which

includes the annual general increase and the locality pay increase; (b) annual performance pay increases; and (c) bonuses.

f. Pay Intervals

A portion of the full pay range of a pay band. The normal range of pay in a band is divided into three intervals, the normal range being defined as the range from the minimum rate of the band to the nonsupervisory ceiling, which is the highest pay rate of the highest GS grade in the band, including any special rates for occupations in the band. The maximum rate of Interval 1 is 4/9 of the normal range of the band, the maximum rate of Interval 2 is 7/9 of the normal range of the band, and the maximum rate of Interval 3 is equivalent to the nonsupervisory ceiling of the band. The maximum rate of Interval 4 is 3 percent above the nonsupervisory ceiling of the band. The maximum rate of Interval 5 is 3 percent above the maximum rate of Interval 4.

g. Supervisor

An employee who spends 25 percent or more of his/her time performing the full range of supervisory duties. Full supervisory authority includes tasks such as assigning work, evaluating performance, approving leave, providing training and instruction to subordinates, revising work schedules, recommending or taking appointment and promotion actions, coordinating work with other units, and planning resource needs.

h. Supervisory Pay Band

The extension of a pay band up to six percent beyond the maximum rate of the band.

i. Supervisory Performance Pay

The amount by which a supervisor's pay exceeds the maximum rate of a pay band, attained through performance.

3. PAY SETTING

a. New Appointments

(1) Initial salaries for new appointees may be set at any point within the pay band except for intervals 4 and 5, which are reserved for supervisory performance pay.

(2) Pay setting criteria include salary comparability, special salary rates, special qualification requirements, turnover rates, scarcity of qualified candidates, or programmatic urgency.

(3) The minimum starting salary rate for positions in Pay Band I of the ZP and ZA career paths is not less than the rate of GS-5, step 1, except for students.

(4) Special salary rates will only be used as authorized by OPM for occupations and/or geographic locations for which there is existing or likely difficulty in the recruitment or retention of well-qualified personnel. The minimum starting salary rate for special salary rate occupations must be at least the minimum special salary rate of the lowest grade in the pay band to which appointed.

b. Pay Adjustments

Adjustments to base pay within the pay band may be given under the following circumstances:

- (1) Competitive movement of an employee from one position to another position within the same career path and pay band as a result of a selection for a vacancy;
- (2) Noncompetitive temporary reassignment of an employee from a nonsupervisory position to a supervisory position in the same pay band;
- (3) Granting of the annual comparability increase;
- (4) Granting of pay adjustments to employees under Student or Faculty appointments upon completion of another academic school year, or additional year of teaching or research;
- (5) Granting of a performance pay increase; and
- (6) To reflect a pay change to compensate for an increase/decrease in locality pay in conjunction with a move to another geographic area.
- (7) Upon conversion from a General Schedule (GS) position to the Demonstration Project as a result of inclusion of an employee's organizational unit in the Demonstration Project, employees in career ladder positions may receive a within-band pay adjustment after completing a total of 52 weeks of servicing consisting of a combination of both time at their current GS grade level and time in the pay band level to which they were converted. The pay adjustment, if granted, must total the dollar amount of pay increase the employee would have received under the GS system.

c. Conversion Actions

Management may adjust pay upon conversion to permanent appointments. A conversion action from a temporary or excepted appointment to another temporary or excepted appointment may include an increase in pay only if the conversion action is to a different pay band.

d. Promotions

The new basic pay rate upon promotion may be set at any level in the new band, but the employee must receive at least a six percent minimum pay increase. If the move is to a different career path, any band in the new career path would be considered a "new band." The salary of a promoted special salary rate employee must be at least the minimum special salary rate of the lowest grade in the pay band to which the employee is promoted.

e. Change to Lower Pay Band

(1) Automatic - Loss of Comparability Increase

An employee whose performance rating is Unsatisfactory will not receive the comparability increase or a performance increase. Because the minimum pay rate for each pay band will be increased each year by at least the amount of the comparability increase, it is possible that the new minimum rate of a pay band will exceed the basic pay of an employee who did not receive the comparability increase, although there is no actual reduction in pay. As a result, the employee will automatically be placed in the next lower pay band with a pay range commensurate with the employee's basic pay. This action is not an adverse action, and there is no right of appeal. The nature of action is 713, Change to Lower Grade. The employee may subsequently reach the higher pay band through performance pay increases.

(2) Voluntary - Request of Employee

A voluntary change to lower pay band occurs at the request of the employee. Pay is set based on DoC highest previous rate policy.

(3) Involuntary - Performance or Conduct

An employee who is changed to a lower pay band based on a performance or conduct decision will be placed in the lower pay band and pay will be set within the pay range of that pay band, based on the pay band and pay decisions contained in the performance or conduct decision letter. Appropriate notification procedures and appeal rights apply, depending on whether the action is taken for performance or for cause.

(4) Reclassification of position to a lower pay band.

f. Change to Lower Interval

As in e (1) above, the base pay of an employee who does not receive a comparability increase may fall into a lower pay interval, although no actual reduction in pay takes

place.

g. Pay Ceilings

- (1) The maximum rate of basic pay authorized under any pay band is the rate payable for Level IV of the Executive Schedule.
- (2) The maximum aggregate amount any employee may receive in basic pay, bonuses, and allowances in a calendar year is the rate payable for Level I of the Executive Schedule.
- (3) Basic pay for nonsupervisory positions is limited to the maximum rate of Interval 3.
- (4) Basic pay for supervisory positions is limited to the maximum rate of Interval 5.
- (5) The minimum and maximum rates of pay bands and the maximum rates of pay band intervals are adjusted annually by the percentage of the comparability increase granted in January (including locality pay), or by applicable special rate increases. The maximum rates of pay bands which include occupations and GS grades for which OPM has approved special salary rates are changed to reflect OPM special rate increases.

h. Conversion into the Demonstration Project.

An employee who is noncompetitively converted (i.e. reassigned) to a position within the Demonstration Project based upon a written management directive will be given a one-time lump sum payment for time credited towards the next within grade increase (i.e. WIGI).

4. GRADE AND PAY RETENTION

Band and pay retention will follow current law and regulation, with the following modifications:

- a. Bands will be substituted for grades;
- b. No band retention is allowed if the reduction in band is a result of an employee's pay being exceeded by the minimum rate of a band;
- c. No pay retention is appropriate as a result of a reduction in pay caused solely by geographic movement;
- d. No pay retention is appropriate upon conversion to the General Schedule, as long as the employee's total rate of pay is not reduced;

e. No pay retention is appropriate when an employee's pay is reduced as a result of the cancellation of supervisory pay.

5. RECRUITMENT, RETENTION AND RELOCATION PAYMENTS

See Section IIB, Staffing.

6. SUPERVISORY PERFORMANCE PAY

The initial salary of a supervisor upon appointment or promotion may be set no higher than the maximum rate of Interval 3 of a pay band. Supervisors in all career paths will be eligible for salaries up to six percent higher than the maximum rate of their pay bands. The amount by which a supervisor's pay exceeds the maximum rate of the band constitutes supervisory performance pay. The higher salaries shall be reached through performance pay increases granted in connection with the regular performance appraisal cycle.

a. Entry Statement

At the time a supervisor becomes eligible for supervisory pay, the supervisor must sign the following statement:

I understand that the supervisory performance pay will be terminated at the time I leave or am reassigned from this supervisory position and, upon reassignment, my pay will not exceed the cap of Interval 3 of the nonsupervisory pay band.

b. Reassignment out of a Supervisory Position

(1) Upon leaving a supervisory position, the supervisory performance pay is removed from the employee's basic pay. Extended details (for 120 days or more) to positions not officially classified as "supervisory" will also result in loss of supervisory performance pay.

(2) The new salary will be set as follows:

When a supervisor is reassigned to a nonsupervisory position, the new salary will be no greater than the maximum rate in the pay band. If, at the time of the reassignment, the supervisor's salary is greater than the maximum rate of the band, the new salary is set at the maximum rate of the band. If at the time of the reassignment, the supervisor's salary is equivalent to or less than the maximum rate of the band, there is no reduction of pay.

(3) The cancellation of supervisory performance pay does not constitute a demotion or a reduction in pay under 5 U.S.C. Chapter 75. Therefore, there is no right of appeal.

7. LOCALITY PAY

Locality pay is considered a part of basic pay and is applied to the minimum and maximum rates of each band. When an employee moves from one locality pay area to another locality pay area, the employee's basic pay will be adjusted to reflect the difference in the locality pay rates.

8. HIGHEST PREVIOUS RATE

Decisions on granting highest previous rates are made in accordance with OU guidelines.

9. FACULTY AND STUDENT APPOINTMENTS

a. Faculty

Employees on Faculty appointments may be given adjustments to base pay at the completion of each academic school year or each additional year of teaching or research. They may be rated if they have worked 120 days in the performance cycle; however, they do not receive a performance pay increase or bonus.

b. Students

(1) Employees hired under the Student Temporary Employment Program (STEP) are not eligible for pay increases or bonuses during the regular payout cycle. These students may be given a pay increase at the end of the academic year. They may be rated if they have worked 120 days in the performance cycle.

(2) Employees hired under the Student Career Employment Program (SCEP) are eligible for ratings, scores, pay increases and bonuses.

E. PERFORMANCE APPRAISAL

1. INTRODUCTION

a. Coverage

(1) The policies contained in these Operating Procedures apply to all employees covered by the DoC Demonstration Project. Employees occupying 5 U.S.C. 3104 (ST) positions are covered by this performance appraisal system and are eligible for performance bonuses, but are ineligible for performance pay increases.

(2) Employees from other pay systems detailed to positions covered by the Demonstration Project are not covered.

(3) Employees occupying covered positions as a result of temporary promotion are subject to the policies of this plan for the duration of the temporary promotion.

(4) An employee whose service is temporarily interrupted by service in any Federally sponsored program e.g., Intergovernmental Personnel Act (IPA), which calls for the employee's return to the same or like position continues to be covered by the DoC Demonstration Project performance management plan while on the approved assignment.

b. Objectives

(1) To establish critical elements and related performance standards for each covered position, which will, to the maximum extent feasible, permit the accurate evaluation of job performance on the basis of objective criteria related to the position;

(2) To use performance plans to communicate and clarify operating unit and Department of Commerce goals and objectives and to identify accountability for their accomplishment;

(3) To use performance appraisal results as a basis for paying, rewarding, promoting, training, reassigning, retaining, assisting employees in improving unacceptable performance, and reducing in pay band or removing employees when such action is warranted; and

(4) To increase the productivity of all covered employees and their organizations.

2. DEFINITIONS

a. Appraisal

The act or process of evaluating an employee's performance against the described performance standards.

b. Appraisal Period

The period of time established for which an employee's performance is reviewed. The official appraisal period begins October 1 of each year and ends on September 30 of the following year. The minimum appraisal period is 120 days.

c. Benchmark Performance Standards

Defined levels of performance used to evaluate the accomplishment of critical elements.

d. Career Path

Categories of occupations grouped by similarities in work, qualification requirements,

pay ranges, and career progression.

e. Comparability Increase

An annual Governmentwide adjustment to base pay, approved by Congress and the President, for the purpose of making Federal pay rates comparable to non-Federal pay rates for the same levels of work. Under the Demonstration Project pay for performance system, all employees except those with Unsatisfactory ratings and those on a Performance Improvement Plan will receive the comparability increase.

f. Critical Element

A component of an employee's job consisting of one or more duties and responsibilities, which contributes toward accomplishing organizational goals and objectives and which is of such importance that acceptable performance on the element is necessary for acceptable performance in the position.

g. Eligible

Rating for performance above the Unsatisfactory level; the level of acceptable performance; the level of performance that must be attained and sustained for consideration for comparability increase, performance pay increase and bonus, and retention in the position.

h. Evaluation Feedback Meeting

The second of two required appraisal meetings conducted by a Rating Official with an employee. The purpose of this meeting is to discuss the final rating and payout decisions.

i. Major Activity

A task, duty or project which needs to be accomplished in support of a critical element.

j. Performance Management Record

The Demonstration Project Performance Management Record, CD-541, which documents an employee's performance plan, progress review(s), and appraisal.

k. Objective

A brief statement that defines what a critical element is intended to accomplish.

l. Payout

Term used to describe the decision made regarding performance pay increases.

m. Pay Pool

The organizational level where one or more peer groups are combined for performance decisions including ratings, scores, pay increases, bonuses, and RIF credit.

n. Pay Pool Manager

The manager who controls the pay pool for his/her organization and who is responsible for rendering the final decisions on ratings, scores, performance pay increases, and bonuses.

o. Peer Group

A group of rated employees in the same career path in an operating unit pay pool. If a career path in an organization contains only one employee, this employee will constitute his/her own pay pool. If insufficient funds exist in the pay pool, funds may be transferred from other pay pools according to existing procedures.

p. Performance Bonus

A one-time cash award based on the performance cycle, which does not affect base pay.

q. Performance Improvement Plan

A plan given to an employee for the purpose of identifying performance deficiencies and how to correct them to attain and sustain performance at the Eligible level.

r. Performance Management

A process which:

- (1) integrates systems for appraising, rewarding and correcting individual employee performance with organizational planning and management systems and
- (2) results in increased productivity for individuals and organizations.

s. Performance Pay Increase

An adjustment to base pay tied to the employee's rating, performance score, and career path pay table.

t. Performance Plan

The document developed at the beginning of the appraisal period which defines the

critical elements and performance standards against which an employee's performance is appraised.

u. Performance Review Meeting

The first of two required appraisal meetings between a Rating Official and employee. The purpose of this meeting is to discuss the employee's accomplishments and give the employee an opportunity to present an assessment of the results achieved against the critical elements and standards established in the approved performance plan.

v. Progress Review

A formal meeting between the Rating Official and employee at which the employee's progress toward meeting the objectives in his or her performance plan is discussed. If necessary, changes to the plan are discussed at this meeting, and the supervisor makes any necessary final changes. Any performance deficiencies the Rating Official has noted are also discussed at this meeting along with recommendations for improvement.

w. Rating

The written record of the appraisal of each critical element and the assignment of a rating level (Eligible or Unsatisfactory).

x. Rating Official

The person responsible for informing the employee of the critical elements of his/her position, establishing performance standards for those elements, appraising performance, and determining tentative ratings, scores and payouts. Normally, this is the employee's immediate supervisor.

y. Reviewing Official

The person at an organization level above the Pay Pool Manager responsible for reviewing the decisions of the Pay Pool Manager when the Pay Pool Manager was also the Rating Official.

z. Unsatisfactory

The unacceptable level of performance where the employee failed to meet the minimum benchmark of Eligible performance on one or more critical elements. An Unsatisfactory rating renders an employee ineligible for a comparability increase, performance pay increase, and bonus, and subjects the employee to one of the following: reassignment, reduction in pay band, or removal from the Federal service.

3. ROLES AND RESPONSIBILITIES

a. DPMB

- (1) Approves project performance evaluation policies.
- (2) Approves project-wide documents for performance plans and appraisals and for recording outcomes.

b. OPMBs

- (1) Establish operating unit performance evaluation guidelines within the project plan, Operating Procedures, and DPMB policies.
- (2) Oversee the operating unit annual performance appraisal process, from development of plans to individual pay increases and bonuses.
- (3) Establish operating unit guidelines on performance elements.
- (4) Delegate rating, review, and pay pool management authorities.
- (5) Establish operating unit bonus guidelines within the project plan, Operating Procedures, and DPMB policies.
- (6) Establish operating unit performance pay increase pools.
- (7) Delegate bonus limits to pay pool managers.
- (8) Propose changes in performance appraisal policies to the DPMB.

c. Rating Official

- (1) Informs employees of the overall missions, objectives, goals, long-range plans and activities of the work unit and informs employees of their related duties and responsibilities.
- (2) Develops performance plans with employee participation and has final authority to determine the content of the plan. Signs and dates plans.
- (3) Provides employees with a copy of their performance plans.
- (4) Conducts and documents at least one formal performance progress review at approximately the mid-point of the appraisal cycle. Conducts and documents additional reviews as deemed appropriate or when requested by the employee.
- (5) Modifies performance plans as necessary; acquires Pay Pool Manager's and

employee's signature on revised plan; provides employee with a copy of the revised plan and conducts a Performance Review Meeting with employee to discuss accomplishments.

(6) Completes performance appraisals, including determining, documenting, and evaluating employees' actual accomplishments including any required closeout ratings.

(7) Using the automated Performance Payout System (See User's Guide in Appendix B), rates and scores employee performance; submits tentative scores, ratings, and recommendations for performance pay increases and/or performance bonuses to the Pay Pool Manager. Does not discuss tentative decisions with employee prior to Pay Pool Manager's review and approval.

(8) After receipt of the Pay Pool Manager's decisions, conducts Evaluation Feedback Meetings with employees to discuss the performance evaluation and the final payout decisions.

(9) Signs and dates performance Summary Rating Sheets.

(10) Recommends other personnel actions based on the employee's performance.

d. Pay Pool Manager

(1) Reviews critical elements and standards developed by subordinate Rating Officials to ensure that they are integrated into the total management process and are consistent with overall organizational objectives.

(2) Reviews, signs, and dates performance plans developed by subordinate Rating Officials to ensure equity and consistency within the organization.

(3) Via the automated Performance Payout System, receives recommendations from Rating Officials, makes appropriate adjustments, and determines final ratings, scores, performance pay increases, and bonuses. Requests additional funds from the OPMB if necessary.

(4) Forwards decisions to Reviewing Official, if appropriate, for review.

(5) Completes and signs Performance Summary Rating Sheet; returns completed forms to Rating Officials.

(6) Makes and communicates decisions in writing in response to employee's written comments on performance decisions.

(7) Reviews and evaluates the effectiveness of the Demonstration Project

performance management plan within the organization; forwards recommendations for change to the OPMB.

e. Reviewing Official

When the Pay Pool Manager and the Rating Official are the same person, the Reviewing Official reviews the decisions of the Pay Pool Manager.

f. Employee

- (1) Participates with Rating Officials in developing performance plans.
- (2) Participates in progress review(s).
- (3) Must provide a list of accomplishments for the end-of-cycle Performance Review Meeting with the Rating Official.
- (4) Signs and dates performance plan cover sheet, progress review(s), and performance Summary Rating Sheet.
- (5) May request reconsideration of performance decisions (excluding bonuses) by the Pay Pool Manager through the Department of Commerce administrative grievance procedures or appropriate negotiated grievance procedures.

g. Servicing HR Manager

- (1) Communicates the purpose and procedures of the performance management plan and its relationship to the overall management system to managers, supervisors, and employees.
- (2) Provides training in the operation of the automated performance appraisal system.
- (3) Provides assistance, as required, to managers and supervisors in identifying critical elements and related performance standards.
- (4) Ensures that performance plans and appraisals are maintained by the operating unit in accordance with the provisions of the Privacy Act, Freedom of Information Act, and other legislative and regulatory requirements.
- (5) Edits data transmitted by operating units; arranges for corrective action.
- (6) Arranges for transmission of performance appraisal and payout decisions to NFC.

- (7) Decides on requests for extensions of advance notice periods for performance-based actions.

4. PERFORMANCE MANAGEMENT PROCESS

The performance management process has three distinct stages: performance planning, progress review, and appraisal. The annual appraisal cycle begins October 1 and ends September 30. The performance plan is used to communicate organizational goals and employee accountability. The performance appraisal is used to measure individual and organizational results. There are two performance ratings: Eligible and Unsatisfactory. These performance ratings determine employee eligibility for comparability increases, performance pay increases, and performance bonuses. Supervisors also use performance appraisal results as a basis for making decisions on training, reassignment, promotion, retention, improving performance and, if necessary, reduction in pay band or removal.

a. Performance Planning

(1) Each year, approximately 30 days before the start of the appraisal period (October 1), Rating Officials and employees begin developing written performance plans for the coming performance cycle. If a Rating Official and employee disagree on the contents of the performance plan, the Rating Official makes the final decision regarding the contents of the plan. Performance plans must be recorded on the Form CD-541. (See Appendix C.) Performance plans must be signed in the following order: Rating Official, Pay Pool Manager, Reviewing Official (if appropriate), and employee within 30 days of the beginning of the appraisal cycle. Employees must be given a copy of the signed performance plan including the Element Point Ranges and Benchmark Performance Standards.

(2) Only critical elements are used. A critical element is a component of an employee's job consisting of one or more duties and responsibilities, which contributes toward accomplishing organizational goals and objectives and which is of such importance that acceptable performance on the element is necessary for acceptable performance in the position. An employee must sustain a level of performance in all critical elements at the minimum level of the Eligible Benchmark Performance Standard in order to be retained in his/her position. Critical elements reflect an employee's major duties and responsibilities and must be consistent with current job assignments and with the level of duties described in the employee's position description. Performance plans should have a minimum of two critical elements and a maximum of six. Elements may be drawn from a number of sources, including but not limited to mission and functional statements, position descriptions, planning documents, operating budget justifications, and affirmative actions plans. If the element relates to a Secretarial level objective, the Demonstration Project Performance Management Record must indicate that it is being tracked at the Department. Critical elements must include only those

aspects of the work over which the employee has control. An objective, specifying the overall result expected, along with the major activities the employee must undertake to accomplish each element, must be communicated in writing in the employee's performance plan. Managerial or supervisory duties such as recommending or approving personnel actions, developing and appraising subordinates, fulfilling equal opportunity and affirmative action responsibilities, etc., must be included as a critical element or as major activities of a critical element. Generic critical elements are acceptable.

(3) A weight must be assigned to each critical element on the basis of the importance of the element and/or the time required to accomplish it. Each single element may be assigned a minimum weight of 5 points and a maximum weight of 60 points. The weight of all elements must total 100 points. Assigning weights to the individual major activities listed under an element is not permitted.

(4) Benchmark Performance Standards define levels of performance used to evaluate the accomplishment of critical elements. Supplemental standards should be developed as needed and should define performance in terms of results (what is to be accomplished) and process (how it is to be accomplished). Supplemental standards must be expressed in terms of quality, quantity, timeliness, cost-effectiveness, or other relevant measures. Such standards must be written at the minimum level of Eligible performance and may be written only at that level.

(5) A performance plan must be established and approved for an employee who enters a covered position, moves from one covered position to another after the start of the appraisal period, or serves on a detail or temporary promotion of 120 days or more. Plans must be in place within thirty days of the effective date of the personnel action.

b. Progress Review

(1) At a minimum, Rating Officials must conduct a formal progress review with their employees at approximately the midpoint of the appraisal cycle. Additional progress reviews may be conducted at the request of the employee or when the Rating Official determines them to be necessary.

(2) The progress review must include discussion of:

(a) the employee's progress toward meeting the objectives of the critical elements in the performance plan;

(b) the Rating Official's identification of any performance deficiencies and guidance on how to improve performance; and

(c) if appropriate, the need for changes in the plan to reflect changes in

responsibilities. A Rating Official must submit any changes in writing to the Pay Pool Manager or, if appropriate, the Reviewing Official. All changes must be initialed or signed and dated by the Rating Official, Pay Pool Manager, Reviewing Official, if appropriate, and the employee, in that order. Changes can be made directly to the plan or attached to the plan. Pen and ink changes must be initialed and dated by the Rating Official, Pay Pool Manager, Reviewing Official (if appropriate), and the employee, in that order. In both cases, the employee must be given a copy of the revised plan.

(3) A record of the progress review, including any deficiencies, must be recorded on the Form CD-541 and initialed by both the Rating Official and the employee. If deficiencies are identified, the Rating Official should contact the servicing HR office to receive advice on handling the performance problem.

(4) A progress review should also be initiated by the Rating Official as soon as it is recognized that an employee's performance of one or more critical elements is not acceptable. The Rating Official must contact the servicing HR office to receive advice on handling the performance problem.

c. Appraisal

(1) Approximately 30 days before the end of the appraisal cycle (September 30), Rating Officials and employees should begin to prepare for the appraisal. However, at any time of the year, a supervisor may determine that an employee's performance is not acceptable on one or more critical elements and place the employee on a Performance Improvement Plan (PIP).

(2) Every employee who is ratable as of September 30 must receive an annual performance rating. An employee is ratable if:

(a) he or she occupies a covered position on the last day of the performance cycle; and

(b) he or she has worked at least 120 days in one or more covered positions during the appraisal cycle; and

(3) If an employee is permanently promoted or competitively reassigned (with a pay adjustment) from one covered Demonstration Project position to another during the last 120 days of the rating cycle, the supervisor of the position from which the employee was promoted or competitively reassigned will prepare a "close-out" rating within 30 days of the

promotion or pay adjustment. At the end of the rating cycle, the rating and score will be submitted to the Pay Pool Manager for the position which served as the basis for the rating, and that score will be interleaved with the scores of other employees in that pool. The employee's relative score within the pool will be used as a basis for determining the employee's eligibility for RIF credit. Rating officials who leave their positions within the last 120 days of the rating cycle are responsible for completing close out ratings for their employees. These ratings will be considered when determining performance appraisal recommendations to the pay pool manager.

(4) An employee is unratable if one of the following applies:

(a) the employee did not work at least 120 days in one or more covered positions during the appraisal cycle; or

(b) the employee has been placed on a PIP because the Rating Official has determined that the employee's performance fails to meet the minimum level of acceptable performance on one or more critical elements.

(5) Unratable employees will not receive an annual performance appraisal or be considered for a performance pay increase or additional RIF credit until completion of the next rating cycle, provided all the requirements for being ratable are met at that time.

(6) If the employee was unratable because he or she was on a PIP, the rating period will be extended for the duration of the PIP. Upon completion of the PIP, the Rating Official will assign a rating. If the employee is rated Eligible, the employee will be granted the annual comparability increase, the effective date of which will be the beginning of the first pay period after the Eligible rating is documented. The rating must be documented and signed by the Rating Official, the Pay Pool Manager, the Reviewing Official if appropriate, and the employee. A copy of the Summary Rating Sheet must be given to the employee, and a copy must be forwarded to the servicing HR office.

(7) Performance appraisals are conducted in two stages. The Rating Official if required to conduct a Performance Review Meeting and an Evaluation Feedback Meeting with each employee. The Rating Official provides advance notice to the employee of the date and time for each meeting.

(8) The purpose of the Performance Review Meeting is to provide for an exchange of information between the employee and supervisor. The

employee must provide a list of accomplishments and is given an opportunity to:

- (a) present his or her assessment of results achieved against the critical elements and Benchmark Performance Standards established in the performance plan;
- (b) inform the Rating Official of aspects of his or her work of which the Rating Official may not be aware; and
- (c) identify changes he or she would like to include in the performance plan for the next appraisal period.

During the Performance Review Meeting, the Rating Official clarifies his or her understanding of the employee's performance, and discusses the employee's accomplishments. Rating Officials may not discuss the recommended score, rating, pay increase, or bonus.

(9) Upon completion of the Performance Review Meetings, the Rating Official submits recommendations on scores, ratings, performance pay increases and bonuses to the Pay Pool Manager.

To obtain the overall summary rating, Rating Officials must rate each element using the point-range scale on the performance appraisal form that corresponds to the weight assigned to the element. The scale ranges from 40 percent of the element weight to the full element weight at the top of the scale. For example, a critical element assigned a weight of 20 will be scored on a scale of 8 points (40% x 20) to 20 points. The minimum score for Eligible performance on this scale is 8 points and the maximum score is 20 points, equaling the full weight of the element. Points assigned individual elements are totaled to determine the tentative overall score.

If performance on an element does not warrant the minimum score, the element is unsatisfactory. The element is not given a score, and no total score for the performance appraisal is assigned. The overall rating is Unsatisfactory. To be considered for a performance pay increase and a performance bonus and to receive the annual comparability increase, an employee must have an Eligible rating with an overall point score between 40 and 100.

(10) The Pay Pool Manager reviews the scores given by subordinate Rating Officials. The Pay Pool Manager uses the automated Performance Payout System to interleave scores by career path. Consistent with current pay tables, the system identifies a potential pay increase range for the employee based on pay band and interval. The Pay Pool Manager selects a payout for each employee, considering recommendations from the employee's Rating Official, and makes adjustments

until the total dollar increases do not exceed the pay pool. Each individual in a pay pool must receive a payout that, relative to interval ranges, is proportionately equal to or greater than the payout for the next lower score. That is, within a pay pool, an employee may not receive a higher proportion-of-range than a higher-scoring employee or a lower proportion-of-range than a lower-scoring employee. Proportion-of-range is the percentage of the maximum pay increase allowed for a particular interval of a pay band, i.e., a percent of a percent.

(11) The Pay Pool Manager presents the decisions to the Reviewing Official, if appropriate, for review.

(12) The Pay Pool Manager records decisions on the performance appraisal form, signs the Summary Rating Sheets, and returns appraisals to the Rating Official.

(13) The Rating Official completes and signs the written performance appraisals.

(14) The Rating Official conducts an Evaluation Feedback Meeting with each employee. The purpose of the Evaluation Feedback Meeting is to present the final appraisal decisions to the employee. The employee signs and dates the Summary Rating Sheet to indicate that it has been discussed. Refusal to sign the rating does not negate the rating or the payout decisions. However, the Rating Official must document on the Summary Rating Sheet that the appraisal was discussed with the employee and that the employee refused to sign. A copy of the completed Summary Rating Sheet must be given to the employee.

(15) An employee may grieve the rating, performance score, and payout under a negotiated grievance procedure or the Department of Commerce Administrative Grievance Procedure. An employee who grieves the performance rating, score, or payout must file the informal grievance with the Pay Pool Manager within 15 calendar days after being informed of the evaluation (Evaluation Feedback Meeting). Bonus decisions are not grievable. A change in an employee's score as a result of a request for reconsideration or formal grievance may also result in an increase in the employee's original performance pay increase. Such a change in an employee's score (and possible pay increase) will not effect other pay increases given. An employee who received RIF service credit as a result of an increase in score due to a reconsideration or grievance will not affect any other employee's previous eligibility for RIF service credit in the same pay pool for that performance cycle.

(16) Employees who are unratable because they did not meet the minimum appraisal period requirement or were appointed to a covered position from June 4 through September 30 will be considered ineligible for performance pay increases. Employees who receive a promotion or pay adjustment during the last 120 days of the rating cycle receive performance scores (via close-out ratings) and may receive bonuses if they have on file a Demonstration Project rating of

Eligible or a Department of Commerce performance rating of at least Fully Successful that is no more than 13 months old at the end of the rating cycle.

(17) An employee with an overall performance score in the top 30 percent of scores within the same pay pool will be credited with 10 additional years of service for retention purposes. For the purpose of awarding this additional RIF credit, scores derived from "close-out" ratings as described in section 4 (c)(3) above are also considered. This credit is applied for each of the last three annual performance scores of record received under this system during the four-year period prior to the date of issuance of the RIF notice, accumulating for a potential total credit of 30 years. No RIF credit converts to this system from any other performance appraisal system. Employees who successfully complete a Performance Improvement Plan (PIP) after September 30 will not receive RIF credit.

5. ACTIONS BASED ON UNSATISFACTORY PERFORMANCE

a. An action based on unsatisfactory performance in any critical element may be taken at any time, provided the requirements of 5b below are met.

b. An employee whose performance is unacceptable in any critical element must be given a written PIP. This PIP must:

- (1) identify the critical element(s) in which the employee's performance is deficient;
- (2) provide a description of the types of improvements that the employee must demonstrate to attain an Eligible level of performance;
- (3) inform the employee of the performance standards which must be met for retention in the position;
- (4) give the employee a reasonable period of time to demonstrate Eligible performance;
- (5) include a statement of the steps the Rating Official intends to take or to offer to assist the employee to improve;
- (6) include a statement of the consequences of failure to improve and sustain performance at the Eligible level; and
- (7) be approved for regulatory compliance by the servicing HR Manager or designee prior to issuance.

c. An employee cannot grieve being placed on a PIP and cannot grieve the contents of the

PIP.

d. If, after an opportunity to improve, an employee's performance is still not satisfactory, the Rating Official will give a rating of Unsatisfactory and must take action to reassign or remove the employee, or place the employee in a lower band in accordance with performance action provisions in current law and regulation. An employee who successfully completes a PIP but subsequently fails to maintain an acceptable level of performance in the critical elements addressed by the PIP for a one-year period following the completion of the PIP can be reassigned or given a proposal of removal from the Federal Service or a proposal of reduction in pay band without being placed on another PIP.

e. Reduction in Pay Band or Removal Based on Unsatisfactory Performance

(1) An employee whose reduction in pay band or removal is proposed must be provided with a 30-day advance written notice of the proposed action. The employee cannot grieve receipt of the advance written notice or its contents.

(2) The advance written notice of proposed reduction in pay band or removal must:

(a) identify specific instances of unsatisfactory performance occurring within the one-year period prior to the issuance of the advanced notice and the critical elements on which performance is Unsatisfactory;

(b) give the employee at least 15 calendar days to respond to the notice orally and/or in writing and to furnish affidavits in support of the reply;

(c) inform the employee of the right to be represented and to receive a written decision; and

(d) be approved for regulatory compliance by the servicing HR Manager or designee prior to issuance.

(3) The servicing HR Manager may extend the advance notice period for 30 days without prior approval of DoC, or OPM for the following reasons:

(a) to obtain and/or evaluate medical information when the employee has raised a medical issue in the answer to a proposed reduction in pay band or removal;

(b) to arrange for the employee's travel to make an oral reply to an appropriate agency official, or to permit the travel of an agency official to hear the employee's oral reply;

(c) to consider the employee's answer if an extension to the period for an answer has been granted (e.g., because of the employee's illness or incapacitation);

(d) to consider reasonable accommodation of a handicapping condition; or

(e) to comply with a stay ordered by the Merit Systems Protection Board under 5 U.S.C. 1208(b).

(4) OPM approval is required if the advance notice period must be extended beyond the 30-day extension approved by the servicing HR Manager and the reason for extension does not meet the requirements cited in (3) above.

(5) The operating unit shall issue its final decision within 30 days after expiration of the advance notice period unless extended by the servicing HR Manager at the request of the deciding official. The written decision must:

(a) be made by a management official at a higher organizational level than the Rating Official who proposed the action unless the action was proposed by the head of the operating unit;

(b) be based on only those instances of Unsatisfactory performance which occurred within the one-year period ending on the date of the advance notice of proposed action;

(c) be issued at or before the time the action will be effective;

(d) specify the instances of Unsatisfactory performance upon which the action is based; and

(e) inform the employee of the right to file an appeal with the Merit Systems Protection Board.

6. FUNDING

a. Performance Pay Increase Pool

The formula used to allocate funds to performance pay increase pools is approved by the DPMB. The formula is derived from a base assessment of the OU pre-project costs computed as annual averages over three pre-project years: Fiscal Years 1994 , 1995, and 1996. The costs of all personnel actions of the types that are being replaced by project systems will be totaled and averaged. The results of the base cost assessment will provide a basis for: (1) setting maximum spending limits and (2) constructing performance pay increase pools by organization, career path, band, and salary. This payroll figure is adjusted to reflect population changes stemming from attrition, reorganization,

expansion, or reductions-in-force. As appropriate, it is adjusted to include monies that will be expended on comparability increases and performance increases to covered employees in the current fiscal years. OPMBs may authorize Pay Pool Managers to move a maximum of \$5,000 between career paths. This means that no more than a total of \$5,000 can be transferred between one or all pools under the same Pay Pool Manager. Other Object funds may not be converted to payroll funds. Unspent performance pay increase funds may be used to supplement performance bonus pool authorizations; however, bonus pool funds may not be added to the performance increase pool.

b. Performance Bonus Pool

The DPMB will delegate bonus limits to OPMBs, which will in turn, delegate bonus limits to Pay Pool Managers. Bonus authorization pools are derived from the base cost assessment of cash awards granted during three pre-project years: 1994, 1995, and 1996. Bonus pools may be adjusted as appropriate by the appropriate OPMB. Unspent bonus pool funds cannot be used to supplement performance pay increase authorizations.

7. PERFORMANCE PAY INCREASES

a. A performance pay increase is an adjustment to basic pay. A performance pay increase may be granted only at the end of the performance appraisal cycle. Employees must receive an Eligible rating at the end of the appraisal cycle to be considered for a performance pay increase. A performance pay increase is based on the employee's rating, score, and career path, pay band, and interval.

b. A performance pay increase for an employee on temporary promotion at the end of the appraisal cycle is calculated as follows:

(1) If the temporary promotion was effective prior to June 4 and terminates after September 30:

- The employee is rated at the end of the cycle on the temporary position; any pay increase assigned is based on the matrix for the temporary job.
- Upon termination of the temporary promotion, the employee's salary for the base position is adjusted by the actual dollar amount of the increase received in the temporary promotion up to the maximum rate of the pay band.

(2) If the temporary promotion was effective on or after June 4 and terminates after September 30:

- The employee will be rated at the end of the cycle on the permanent position; any pay increase assigned is based on the pay matrix for the permanent position. The pay increase is effected only upon termination of

the temporary promotion and the employee's return to the base position.

- If the temporary promotion is made permanent, the employee's base salary will be adjusted by the performance pay increase, and the promotion is recalculated using the new base salary.

c. The following employees covered by the Demonstration Project performance management plan cannot receive a performance pay increase:

- (1) 5 U.S.C. 3104 (ST) employees,
- (2) Temporary Faculty appointees, and
- (3) STEP appointees.
- (4) Employees with fewer than 120 days in a duty status during the performance year.
- (5) Employees whose salaries are at pay band or supervisory pay band ceilings.
- (6) Employees on retained pay.
- (7) Demonstration project employees who were permanently promoted or reassigned with a pay adjustment within the last 120 days of the rating cycle (between June 4 and September 30).

8. PERFORMANCE BONUSES

A performance bonus is a one-time award that does not affect base pay. The decision to grant a bonus is made concurrently with the performance rating decision. Therefore, a performance bonus can only be given in conjunction with the annual performance rating and pay decisions unless an unratable employee meets the requirements set forth in b (3) below.

a. Performance bonuses may be granted in accordance with the following:

- (1) An employee must receive an Eligible rating;
- (2) Bonuses must be approved by Pay Pool Managers;
- (3) Pay Pool Managers are delegated the authority to award bonuses in amounts up to the \$10,000 limit (per employee) in accordance with the following general guidelines and any additional supplementary guidance provided by the governing OPMB:
 - (a) Bonuses may be used to reward employees for special

accomplishments not specifically covered by their performance plans (e.g., special projects or assignments performed as a member of special task forces).

(b) Bonuses may be used to reward performance that is covered by the performance plan which is worthy of a performance pay increase, but because of its value to the organization, is also worthy of a cash award.

(c) Bonuses may be used to reward deserving employees who cannot be granted a performance pay increase because their salaries are already at the maximum rates of their bands.

(4) The granting of a bonus must be recorded on the performance appraisal form together with the performance rating and performance pay increase.

b. All positions covered by the Demonstration Project performance management plan are eligible for performance bonuses except:

(1) STEP appointees,

(2) Temporary Faculty appointees, and

(3) Employees who are unratable at the end of the annual performance cycle unless they have a DoC Demonstration Project or Department of Commerce rating of at least Fully Successful which was effective within 13 months prior to the conclusion of the rating cycle.

c. The amount of a performance bonus or the failure to receive a performance bonus is not grievable.

9. COMPARABILITY INCREASE

The comparability increase is the annual adjustment to basic pay that is effective the first full pay period on or after January 1. The percentage of comparability increase approved by the President and Congress is applied directly to the basic pay of all employees except those who are rated Unsatisfactory and those who are on a PIP. Because the minimum pay rate for each pay band is increased each year by at least the amount of the comparability increase, it is possible that the new minimum rate of a pay band will exceed the basic pay of an employee in that pay band who did not receive the comparability increase. When this happens, the employee will be placed in the next lower pay band. The Demonstration Project plan specifically allows for this and provides that it will not be considered an adverse action under Chapter 75 of Title 5 of the Code of Federal Regulations. It is, therefore, not appealable. Employees on retained pay are entitled to receive only 50% of the comparability increase.

10. EVALUATION

The DPMB manages, evaluates, and makes policy and procedural changes to Demonstration Project systems. In this regard, the DPMB evaluates the performance management system with input from the OPMBs. In addition, the system is evaluated in conjunction with the Office of Personnel Management's oversight of the Demonstration Project and through the Department of Commerce Oversight Program.

11. RECORD KEEPING

- a. Operating units must retain the original performance plan and Summary Rating Sheet of each employee in the OU for a period of four years. Each OU is responsible for destroying (shredding or burning) the above documents after four years.
- b. When an employee transfers from one OU to another OU and remains covered by the Demonstration Project performance management plan, the employee's performance records for the last four years will be transferred to the gaining organization. If the employee transfers from one OU to another OU and does not remain covered by the Demonstration Project performance management plan, all performance records will be transmitted to the gaining OU office for filing.
- c. When an employee transfers from a Demonstration Project OU to another DoC organization or to another Federal agency, the last four years of performance records will be transferred with the employee's Official Personnel Folder. The transfer of performance plans and Summary Rating Sheets will be coordinated by the servicing HR office.
- d. All provisions and restrictions of the Privacy Act and Freedom of Information Act apply.

12. PAY ACTION PROCESSING

Operating units have the option of freezing pay actions for a minimum required period of time to allow for pay for performance pay increases and bonuses to be processed without any interference of intervening actions.

F. AWARDS

1. PERFORMANCE BONUS

See Section E 8.

2. OTHER AWARDS

Special Act Awards, Suggestions Awards, Cash-in-the Flash, Time-Off, Department of

Commerce Medal Awards, and other awards may be granted to demonstration project employees. Special Act Awards should be given for accomplishments beyond and outside of the employee's performance plan and funded from sources outside of the bonus pool.

G. EMPLOYEE RELATIONS

1. PLACEMENT IN A LOWER PAY BAND

a. Automatic (Based on an Unsatisfactory Rating) - An employee whose performance rating is Unsatisfactory will not receive the comparability increase or a performance increase. Because the minimum pay rate for each pay band will be increased each year by at least the amount of the comparability increase, it is possible that the new minimum rate of a pay band will exceed the basic pay of an employee who did not receive the comparability increase. As a result, the employee will automatically be placed in the next lower pay band with a pay range commensurate with the employee's basic pay. This action is not an adverse action, and there is no right of appeal.

b. Voluntary - A voluntary change to lower pay band occurs at the request of the employee. Pay is set based on the OU highest previous rate policy but no higher than the maximum salary of the lower pay band.

c. Involuntary (Based on a Performance or Conduct Decision) - An employee who is changed to a lower pay band based on a performance or conduct decision will be placed in the lower pay band and pay will be set within the pay range of that pay band, based on the pay band and pay decisions contained in the performance or conduct decision letter. Appropriate notification procedures and appeal rights apply, depending on whether the action is taken for performance or for cause.

2. LOSS OF SUPERVISORY PERFORMANCE PAY

a. When an employee receiving supervisory pay no longer performs supervisory duties, the supervisory pay is removed in accordance with procedures described under Section IID, Pay Administration.

b. The cancellation of supervisory pay does not constitute a demotion or a reduction in pay under 5 U.S.C. Chapter 75. Therefore, there is no advance notification or appeal right.

III - PROJECT ADMINISTRATION

A. PROJECT MANAGEMENT

1. INTRODUCTION

Authority -- 5 U.S.C. 4703

a. Section 4703, under which the Project is to be conducted, is the authority granted to OPM in the Civil Service Reform Act to approve and evaluate Demonstration Projects.

b. This authority allows OPM to approve personnel management procedures, for demonstration purposes, that would otherwise be prohibited by law or regulation.

2. DEPARTMENTAL PERSONNEL MANAGEMENT BOARD

a. OPM has delegated management and oversight of the project by charter to the Departmental Personnel Management Board (DPMB).

b. DPMB Charter:

See Appendix D.

3. OPERATING PERSONNEL MANAGEMENT BOARDS

Each operating unit will establish its own Operating Personnel Management Board (OPMB) to oversee internal operations. Each OPMB will establish OU project guidelines within the parameters of the project plan, the Operating Procedures, and overall policies of the DPMB. The OPMBs will manage authorities delegated to them by the DPMB, delegate authorities to OU managers and supervisors, and ensure that adequate resources are available to implement and operate the project.

B. EXPERIMENTATION AND REVISION

1. EXPERIMENTAL NATURE OF PROJECT

Many aspects of a Demonstration Project are experimental. Modifications must be made from time to time as experience is gained, results are analyzed, and conclusions are reached on how the system is working.

2. MODIFYING THE PROJECT

The DPMB will make minor modifications, such as changes in the occupational series in a career path, without further notice. Major changes, such as a change in the number of career paths, will require OPM approval and will be published in the Federal Register.

C. CONVERSION BACK TO THE FORMER SYSTEM

If a DoC Demonstration Project employee moves to a General Schedule position, the following procedures will be used to convert the employee's project pay band to an equivalent GS grade and the employee's project rate of pay to equivalent GS rates of pay. The converted GS grade and rates of pay must be determined before movement out of the project and any accompanying geographic movement, promotion, or other simultaneous action. For lateral reassignments and lateral transfers, the converted GS grade and rates of pay will become the employee's actual GS grade and rates of pay, unless immediately affected by a simultaneous geographic movement or another pay action. For non-lateral transfers, promotions, and other actions, the converted GS grade and rates of pay will be deemed to be the employee's grade and rates of pay at the time of movement out of the project and will be used in applying applicable pay setting rules (e.g., promotion rules.)

1. GRADE-SETTING PROVISIONS

An employee in a band corresponding to a single GS grade is converted to that grade. An employee in a band corresponding to two or more grades is converted to one of those grades according to the following rules:

- a. The employee's project basic rate of pay is compared with step 4 rates in the highest applicable GS rate range (including a rate range in the GS base schedule, a rate range in the applicable locality rate schedule, or a rate range in a special rate schedule for the employee's occupation). If the series is a two-grade interval series, only odd-numbered grades are considered below GS-11.
- b. If the employee's pay rate equals or exceeds the applicable step 4 rate of the highest GS grade in the band, the employee is converted to that grade.
- c. If the employee's pay rate is lower than the applicable step 4 rate of the highest grade, the pay rate is compared with the step 4 rate of the second highest grade in the employee's band. If the employee's pay rate equals or exceeds step 4 of the second highest grade, the employee is converted to that grade.
- d. This process is repeated for each successively lower grade in the band until a grade is found in which the employee's rate of basic pay equals or exceeds the applicable step 4 rate of the grade. The employee is then converted at that grade. If the employee's rate of pay is below the step 4 rate of the lowest grade in the band, the employee is converted to the lowest grade.
- e. Exceptions are as follows:
 - (1) If the employee's pay rate exceeds the maximum rate of the grade assigned

under the above-described "step 4" rule but fits in the rate range for the next higher applicable grade in the band (i.e., between step 1 and step 4), then the employee shall be converted to that next higher applicable grade.

(2) An employee will not be converted to a lower grade than the grade held by the employee immediately preceding a conversion, lateral reassignment, or lateral transfer in the project unless since that time the employee has undergone a reduction in band.

(3) In Band I of the ZP and ZA Career Paths, students without a bachelor's degree or comparable experience are converted no higher than GS-4.

2. PAY-SETTING PROVISIONS

An employee's pay within the converted GS grade is set by converting the project rate to GS pay rates in accordance with the following rules:

- a. The pay conversion is done before any geographic movement or other pay-related action that coincides with the employee's movement out of the Demonstration Project.
- b. An employee's project rate is converted to a rate on the highest applicable rate range for the converted GS grade (including a rate range in the GS base schedule, a rate range in the applicable locality rate schedule, or a rate range in a special rate schedule for the employee's occupation).
- c. If the highest applicable rate range is a locality pay rate range, the project rate is converted to a GS locality rate of pay. If this rate falls between two steps in the locality-adjusted schedule, the rate must be set at the higher step. The converted GS rate of basic pay is the GS base rate corresponding to the converted GS locality rate (i.e., same step position). (If this employee is also covered by a special rate schedule as a GS employee, the converted special rate will be determined based on the GS step position. This underlying special rate will be basic pay for certain purposes for which the employee's higher locality rate is not basic pay.)
- d. If the highest applicable rate range is a special rate range, the project rate is converted to a special rate. If this rate falls between two steps in the special rate schedule, the rate must be set at the higher step. The converted GS rate of basic pay will be the GS rate corresponding to the converted special rate (i.e., same step position).
- e. Exception: If an employee's project rate exceeds the maximum rate of the highest applicable rate range upon conversion to the General Schedule, the affected employee's project rate will be converted to a retained rate under 5 U.S.C. 5363. If an employee is entitled to a special rate under the General Schedule, the project rate is converted directly to a retained rate. If an employee is only entitled to locality pay under the General Schedule, the retained rate is derived by dividing the project rate by the applicable

locality pay factor (i.e., 1 plus the locality payment percentage). Thus, the locality-adjusted retained rate will equal the project rate the employee had been receiving before conversion. Since the employee's total rate of pay is not reduced upon conversion, this change to converted rates under the General Schedule will not be considered a reduction in basic pay under 5 U.S.C. 5363 or 7512.

f. After conversion or movement out of the Demonstration Project, an employee's converted GS rates will be used in applying GS pay administration rules, as necessary, in lieu of using his or her Demonstration Project rate. Thus, for example, the converted GS rate of basic pay (or converted special rate, if applicable) will be used in applying GS rules for promotions, maximum payable rate determinations, and pay retention, as appropriate. For conversions upon termination of the project and for lateral reassignments, the converted GS rates will become the employee's GS rates immediately after movement out of the Demonstration Project (before processing any accompanying geographic move).

3. EVALUATION OF CLASSIFICATION

Once these conversions have taken place, evaluations will be conducted to ensure proper classification.